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POLITICAL

Minister of Finance Mar'ie Muhammad Profiled

93SE0261A Jakarta TEMPO in Indonesian 7 Aug 93 p 27

[Text] One afternoon four years ago, while Mar'ie Muhammad was director general for taxes, he took an employee with a measuring tape to a big house on Cendana Street, Jakarta. They measured the area of the house to determine the land and building tax (PBB) that must be paid by its owner, who was no other than Suharto, president of the Republic of Indonesia.

"There is no exception to the obligation to pay taxes, at least as long as I am the director general," Mar'ie said at that time. Prior to that, he had occasion for being annoyed. At the outset of his tax payment campaign, many people in high places tried to avoid taxes. Mar'ie even asked the permission of Pak Harto [President Suharto] to measure his house on Cendana Street. That apparently was a tactic to facilitate his job of collecting taxes.

He was successful. During the five years after he became director general for taxes in 1988, Mar'ie collected 19 trillion rupiah in taxes on things other than oil and natural gas, although his target was only 9 trillion rupiah. He was clever at coaxing taxpayers by sending bundles of "love letters," as he called them.

He is an accounting graduate of the Economics Faculty of the University of Indonesia and began his career at the bottom in the Department of Finance. One's first impression is that he is awkward and unpolished in his speech, but he is not without humor. An example of that occurred when he announced the deregulation package of last June. It happened that the directive he was to read had not been given a number. Mar'ie, who is known for his attention to detail, immediately shouted to staff members standing behind him, "Hey, what's the number?" Laughter erupted in that important meeting, which was attended by six cabinet ministers and dozens of reporters.

When his name was announced as minister of finance, some people questioned whether he could bear the responsibility that had previously been on the shoulders of Sumarlin. Perhaps it was because Mar'ie does not have a doctorate in economics and is not a member of the group of government economists nicknamed the "Berkeley mafia." Probably sensing that some people questioned his perspective on macroeconomics, he joked at a recent economics seminar in Jakarta: "I'm just a village chicken, not a broiler."

Nevertheless, this "village chicken" is good at "crowing" about domestic and foreign economic and monetary issues and about why he has to keep inflation as low as possible. He also talks about deregulation policies and efforts to attract more foreign capital investment.

While he was still a student and the leader of the central office of the College Students Action Front of Indonesia (KAMI), Mar'ie was known as a good speaker, vigorous in defending his views, and impatient, but his colleagues frequently listened to him. From the beginning of the New

Order, when he was secretary-general of the central office of [Islamic College Students Association [HMI], this native of Surabaya has been known as an expert tactician who knows his field.

Later, Mar'ie, who also once served as a member of the DPR [Parliament], decided to change careers and become a bureaucrat in the Department of Finance. Some of his colleagues were surprised, for they had hoped Mar'ie would continue his career as a politician.

Many people felt the loss. There were some who somewhat ridiculed him: "So, it turns out that he is a real bureaucrat." When he joined the Department of Finance in 1971, his role as a politician began to fade away, and he became known as a diligent civil servant.

It was Sumarlin who, when he was minister of administrative reform and deputy chairman of National Development Planning Board [BAPPENAS], apparently recognized who Mar'ie truly was. "The thing that I respect about Mar'ie is that he is very loyal to the institution," Sumarlin told TEMPO last week. Sumarlin then cited the case of the Torgamba Estate in North Sumatra, which was known as the best. The estate, or Seventh Estate Corporation [PTP VII], was almost sold because of reports from the minister responsible that the estate was having liquidity problems.

Therefore, Sumarlin, as minister of finance ad interim on behalf of Radius Prawiro, who was overseas, called in Mar'ie Muhammad, then director of corporations, and Director General of Monetary Affairs Oskar Suryaumatja (now deceased). "They reported the situation as it was and expressed regrets that Torgamba was to be sold to private interests," Sumarlin said. In the end, with the approval of President Suharto, the estate was not sold.

It was no mistake for some people to feel that Minister of Finance Ali Wardhana had sharp eyes. He was the one who took Mar'ie as one of his men, and it was also he who 17 years ago convinced Pak Harto to appoint this official known for being "clean" as director of corporations.

ABRI Acts Against Aceh Insurgents, Conducts Rehabilitation

93SE0261B Jakarta TEMPO in Indonesian 7 Aug 93 p 40

[Text] The call to early morning prayers had just sounded when 20 members of Indonesian Armed Forces [ABRI] surrounded a hut in the forest at Runkem Village, Matangkuli Subdistrict, North Aceh. The silence of the early morning was suddenly shattered when an ABRI member shouted, "Everyone surrender. You are surrounded." Several men wearing sarongs stumbled out of the hut carrying sophisticated weapons like the AK-47, M-16, and GLM [expansion unknown].

The Aceh terrorist remnants who were surrounded at dawn Thursday [22 July] two weeks ago resisted rather than surrender. Shooting from both sides could not be avoided. Ahmad bin Musa, 35, a prominent terrorist armed with a GLM attack rifle and hundreds of cartridges wrapped around his body, fired as he took cover behind bushes. Several minutes later, however, the "Acehnese Rambo"

collapsed, his body torn by a hand grenade that exploded at his side. Ahmad, a native of Beuracan Village, Matangkuli Subdistrict, had been greatly feared because of his cruelty.

After the whizzing of bullets ceased, the ABRI members also found the body of another terrorist, Bustaman, 36, who had been known for his terrorizing of residents. It was estimated that another eight gang members fled, dragging their seriously wounded. "We will keep pursuing them," Colonel Sridono, commander of Military Resort Command 011/Lilawangsa, told TEMPO.

He added that the volleys against the terrorists were necessary because they had ignored ABRI warnings. "We were forced to return their fire," Sridono added. "ABRI always urges terrorists to surrender peacefully. They do not need to fear, for we will treat them well."

Adam bin Husen, 30, is an example of terrorists who surrendered peacefully in mid-July. Carrying an M-16 and 58 cartridges, he met the chief of Daya Cot Village, Tiro Subdistrict, Pidie District. "During the four years I wandered in the forest, I ate only leaves and bamboo shoots, which cut my throat," he said.

Four days after surrendering, Adam was visited by Sridono and Lieutenant Colonel Saiful Rizal, commander of Aceh Security Restoration. In the presence of his mother, Puteh, 60, Adam embraced Sridono and asked forgiveness. He was given absolute freedom and was permitted to mingle with the community. "Mother Puteh is old. Do not make her unhappy again," Sridono ordered as he presented a gift parcel and money.

Sridono is now preparing a farm training center for terrorists who surrender. After they have been trained, each will receive a plot of land, as is the case with local transmigrants.

Naturally, not everyone involved with the terrorists will be freed right away. For example, Haji Usman Mohamad Ali, 51, former member of the Functional Group [GOLKAR] Faction in the North Aceh Regional Legislature [DPRD], was sentenced last week to five years in prison by the Lhokseumawe State Court. He was charged with giving 300,000 rupiah to two Aceh terrorists, Muslim and Zaini. Chief Judge Eko Martoyo said Usman's acts could be categorized as undermining the authority of the government, destroying Indonesian ideology, and wrecking Indonesian unity.

Prosecutor Syarifuddin had actually asked that Usman be sentenced to 10 years in prison, but in passing sentence the panel of judges gave consideration to the accused's services toward GOLKAR's victory at Kuta Makmur in the 1987 elections.

MILITARY

ABRI Announces 59 Senior Officer Promotions

93SE0263A Jakarta KOMPAS in Indonesian
13 Aug 93 p 16

[Text] Jakarta, KOMPAS—A total of 59 senior officers of [Indonesian Armed Forces [ABRI] from the three branches

of the service and the Indonesian Police reported their promotions to their respective commands on 12 August. This was done after they had reported to the commander of ABRI at Cilangkap, in Eastern Jakarta.

Army officers who reported their promotions to Lieutenant General Wismoyo Arismunandar, chief of staff of the Army, included (with their new ranks indicated): Major Gen. Syamsir Siregar, commander of Military Region II/Sriwijaya; Maj. Gen. M. Jacob Dasto, commander of Military Region VI/Tanjungpura; Maj. Gen. Tamlicha Ali, commander of Military Region VII/Wirabuana; Maj. Gen. Tarub, commander of Military Region VIII/Trikora; Maj. Gen. Yusman Yutam, governor of the Military Academy (just appointed to this position on 11 August); Maj. Gen. Oetomo S., assistant for functional affairs to the chief of staff of the Army for social and political affairs; and Maj. Gen. Mansyur, assistant for personnel affairs to the chief of the general staff of ABRI.

Those promoted to the rank of brigadier general included: Brigadier Gen. Affifudin Thaib, chief of the Army Information Service; Brig. Gen. Cholid Gozali, deputy assistant for operations to the chief of the general staff of ABRI; Brig. Gen. Adang Pamekas, deputy assistant for reserve affairs to the chief of the general staff of ABRI; Brig. Gen. Odang Suhyana, deputy assistant for functional affairs to the chief of staff for social and political affairs of ABRI; Brig. Gen. Slamet Sugijardjo, chief of the ABRI Historical Center; Brig. Gen. R. Siswanto, chief of staff of Military Region II/Sriwijaya; Brig. Gen. Suwarno Adiwidjojo, chief of staff of Military Region III/Siliwangi; Brig. Gen. Tayo Tarmadi, chief of staff of Military Region VII/Wirabuana; Brig. Gen. Djodjo Sutardjo, deputy commander of the Infantry Arms Center; and Brig. Gen. Dr. Bondan Hariyono, director of Gatot Subroto Military Hospital.

Navy Promotions

In the Navy nine senior officers reported their promotions to Vice Admiral Tanto Koeswanto, chief of staff of the Indonesian Navy. Promoted to the rank of commodore were Commodore Abdillah 373 Nusi, inspector general of the Ministry of Manpower; Commodore Jafizham Djauhari, chief of Naval Aviation; Commodore Engineer Sahata Pangaribuan, director of naval base facilities; Commodore Engineer Ali Fikrai Abdul Gani, director of electronic weapons and equipment; Commodore J. G. Rehatta, chief of the Navy Finance Service; Commodore Dr. H. Amin Nurhadi, director of the Navy Medical Service; Commodore Dr. Haryanto Mahdi, chief of Ramelan Navy Hospital in Surabaya; and Commodore Dr. Darmansyah Sabarudin, a member of the Parliament [DPR] and the People's Consultative Assembly [MPR]. Promoted to Brig. Gen. (Marines) was Brig. Gen. (Marines) Ismail Sumaryo, chief of development in the Department of Manpower.

In the Air Force five senior officers reported their promotions to Air Marshal Rilo Pambudi, chief of staff of the Indonesian Air Force. They included (all of them with their new rank of air commodore): Air Commodore Pura

Chusjairi, chief of the Center for Space Affairs; Air Commodore Donan Sunanto B. H., chief of staff of the National Air Defense Command; Air Commodore Engineer Nur Sabani, chief of the Air Training Command; Air Commodore Mudjiono Said, sector commander of National Air Defense Area II; and Air Commodore Kusbeni, sector commander of National Air Defense Area I.

In the Indonesian Police five senior officers reported their promotions to brigadier general (police). They included: Brig. Gen. (police) Dr. S. Soeharjono, chief of the staff secretariat of the National Central Bureau for Indonesia of INTERPOL; Brig. Gen. (police) Dr. Muharsipin, chief of the Indonesian Police Research and Development Service; Brig. Gen. (police) Dr. I. Ketut Rata, chief of the Indonesian Police Information Service; Brig. Gen. (police) Dr. Hendro Satmoko, chief of the Indonesian Police Medical Service; and Brig. Gen. (police) Dr. Yusuf Sutyono, inspector of development in the Indonesian Police Inspectorate General.

In his report on the promotions at Headquarters of the Indonesian Army Lt. Gen. Wisnomo Arismunandar, Army chief of staff, reminded his listeners that what has been achieved by these senior Army officers in ABRI should not merely be regarded as promotions involving a step up in rank. They should really keep in mind that this is an achievement which makes it possible for them to accept responsibility for the trust and honor given to them.

ECONOMIC

Preparations for APEC Chairmanship

93SE0264A Jakarta *BISNIS INDONESIA* in Indonesian
9 Aug 93 p 15

[Text] Nusa Dua, Bali (*BISNIS INDONESIA*)—Indonesia is preparing itself to be chairman of the Asia Pacific Economic Cooperation (APEC) forum in 1994. Meanwhile, after studying the invitation from U.S. President Bill Clinton, Minister of Foreign Affairs Ali Alatas stated that Indonesia will attend the meeting in Seattle [Washington] in November [1994].

Hadi Soesastro, deputy chairman of the Conference on Indonesia, Asia and the Pacific, and the Structure of the New World Order, stated in Nusa Dua, Bali, on 8 August: "This international conference which, in part, will study regional and global economic developments, is intended to provide an opportunity for Indonesia to prepare itself as chairman of the APEC Conference in 1994."

In his opening address to the conference on 8 August President Suharto indicated his support for the APEC forum. He said that this group could supply a refreshing breeze for the world economy.

As quoted by AFP, President Suharto said: "APEC may not become a trading bloc. However, it is a forum for consultation and expansion of the economy."

Suharto said that APEC can be a savior for the world economy and multilateral trade relations. However, he

warned that this forum cannot limit the identity or become a competitor of other organizations in the area which have connections with ASEAN.

He said: "Contacts between members of ASEAN, like the consultations among the countries of East Asia which are members of the East Asia Economic Caucus (EAEC) can strengthen the APEC. [The following sentence was apparently placed by error at the end of the fourth from last paragraph of the article as published.] This group [the EAEC] is supported by Malaysia but strongly opposes the United States."

According to President Suharto, ASEAN has been very useful. The practice of cooperation which has been developed in the ASEAN 373 region can be considered, along with broader cooperation and in other forums. Together with other ASEAN countries, Indonesia is participating in developing itself and in building a just, progressive, and prosperous world.

According to the chief of state, the failure in the Uruguayan Round of trade negotiations will drive countries into taking unilateral action and seeking bilateral or regional solutions for their trading problems.

He said: "We are facing uncertainty in various shapes and forms. The end of the Cold War and East-West tensions has opened up conflicts in developing a new era for relations between nations."

The Conference on Indonesia, Asia and the Pacific, and the Structure of the New World Order, which will continue for two days, is attended by 340 businessmen, scholars, and political figures from 16 countries. Those attending will discuss international problems as well as their participation in the world economy.

Speakers at the conference include Gareth Evans, Australian minister of foreign affairs; Anwar Ibrahim, Malaysian minister of finance; Ajit Singh, secretary general of ASEAN; and Hartarto, Indonesian coordinating minister of industry. President Suharto also expressed his views in a speech to the conference.

Washington has tried to turn discussions at the ministerial level between APEC countries into discussions at the chiefs of state level. President Bill Clinton of the United States has asked APEC leaders to meet at the annual APEC meeting in Seattle in November [1993].

Indonesian Minister of Foreign Affairs Ali Alatas declared on 7 August, after studying the proposal by President Clinton, that Indonesia will attend the meeting in Seattle. Meanwhile, Malaysian Prime Minister Mahathir Mohamad continued to hold to the view that he will not attend this meeting.

Topics for discussion at the Conference on Indonesia, Asia and the Pacific, and the Structure of the New World Order, among other things, included the direction of ASEAN after the end of the Cold War, the U. S. Government under President Clinton, Japanese domination in the Asia-Pacific area, the impact of the modernization of China in the area, and proposals for a regional free trade zone.

Try Sutrisno Urges Partnership Among Economic Entities

93SE0249A Jakarta *SUARA PEMBARUAN* in Indonesian
20 Jul 93 p 4

[Text] Pasuruan, 20 Jul—Vice President Try Sutrisno says that in the effort to develop, expand, and advance the national economy, we are required to perform the job of acculturating a modern economy for the common welfare of all the people as a nation and not for individuals.

This means that we must acculturate a modern economy with all its mechanisms, including banking and cooperatives, to make it a part of the national economic system that we desire, namely one that is in accord with a democratic economy based on Pancasila [ideology of the Indonesian state] and the 1945 Constitution.

The vice president said this as he spoke Monday, 19 July, at the commemoration of the 23d anniversary of Indonesian Cooperative Public Bank [BUKOPIN] at Nongkojajar, Pasuruan, East Java. Also present were Minister of Cooperatives Drs. Soebianto Tjakrawerdjaya, Minister of Industry T. Ariefowono, Minister of Transmigration Siswono Yudohusodo, Minister of Population and the Environment Sarwono Kusumaatmadja, and East Java Governor Soelaraso.

Therefore, the vice president said, BUKOPIN Bank, which is tasked with both of the missions of a modern economy, should fulfill them seriously and accurately, in a balanced and integrated way, while consistently adhering to its principles, namely the direction and ideals of the national economic system.

This spirit must truly be implanted in, and be the motivation of, all the personnel who manage and staff the bank, without exception. Thus, the status and role of BUKOPIN as the financial pillar of cooperatives will be consistently maintained.

According to Try Sutrisno, cooperatives managed seriously and well can be a dependable mechanism for the success of efforts toward even distribution and eradication of poverty. It should be remembered, however, that in the building of an advanced, healthy, and just economy through these cooperatives, rational and professional actions need to be taken. These should be done simultaneously by all the people, along with efforts to create a climate that supports all echelons of government with full awareness and a keen sense of responsibility.

Increasingly Stable

At another point in his speech, the vice president said that national business, consisting of cooperatives, state enterprises, and private enterprise, need to be developed continuously, so that they will truly constitute an increasing stable national economic force. This should include creation of a healthy business climate and trade pattern, encouragement of business spirit and creativity, and stimulation of a high level of efficiency, productivity, and competitiveness.

Mohammad Hasan, first commissioner of BUKOPIN Bank, said in his report that BUKOPIN, which was founded on 10 July 1970 by eight central cooperatives, now has 2,787 members. In its annual meeting of members in 1992, agreement was reached to change the legal structure to a limited company.

According to Hasan, BUKOPIN Bank's capital rose rapidly from 48 billion rupiah at the beginning of 1992 to 109 billion rupiah at the end of June 1993. This was done by the addition of capital through the purchase of new shares by old members, membership by new cooperatives as shareholders, and the holding of shares by parties other than cooperatives.

As for the BUKOPIN Bank shareholder position now, 70 percent of shares are owned by cooperatives, and 30 percent are owned by parties other than cooperatives. In this shareholder situation, the bank has a capital adequacy ratio [CAR] of 14 percent, much greater than the 8 percent required by Bank Indonesia.

Touching on the channeling of credit, Hasan said that 59 percent is channeled to cooperatives and small businesses, or 438 billion rupiah of the total 743 billion rupiah provided. Small business credits make up 40 percent of the total credit BUKOPIN Bank has given, which is in excess of the 20 percent required by Bank Indonesia.

Vice President Try Sutrisno took the opportunity to talk with 25 of the best BUKOPIN Bank clients, who represented cooperatives and small businesses.

No Minimum Required for Loan to Deposit Ratio

93SE0264B Jakarta *BISNIS INDONESIA* in Indonesian
6 Aug 93 p 1

[Text] Jakarta (BISNIS INDONESIA)—Minister of Finance Mar'ie Muhammad said that it is not necessary to have limits on the minimum "loan to deposit ratio" (LDR) [in English in the text] in connection with banks expanding their loans outstanding.

Minister Mar'ie said to the press, after installing in office a number of second echelon officials of the Ministry of Finance in Jakarta on 5 August: "The Government does not yet consider it necessary to have minimum limits on LDR's, because this would be a form of regulation."

At the same time the statement by the minister of finance removed any doubts in banking circles that there will be a reduction in the LDR ratio in expanding credit.

Previously, a number of banking observers suggested that there was a need for the government to announce a minimum LDR policy. The problem is that recently many banks have been inclined to consolidate their accounts and give priority to their liquidity aspect, rather than putting their funds to work.

Through its "Paket Kebijakan 29 Mei" [Package of Policies made public on 29 May] the government amended the criteria for calculating LDR ratios. For banks which are able to hold down their LDR ratio to less than 110 percent (the maximum) their liquidity was evaluated at five points.

Meanwhile, banks whose LDR ratio is more than 110 percent were given a liquidity evaluation of zero.

Rijanto, a banking observer who was interviewed separately this week, said that the proper LDR for the banking industry to grow and develop is between 90 and 100 percent. Under these conditions the liquidity aspect will be seen to be in balance with the utilization of funds.

According to data from BERITA PERBANAS [News of the Indonesian Banking Industry], in the edition published in July 1993, out of 135 privately owned public banks operating in Jakarta, 123 have an average LDR ratio of less than 90 percent. The 20 banks with a mixture of public and private ownership and nine foreign owned banks also have LDR ratios under 90 percent. The majority of the 373 banks have LDR ratios between 55 and 75 percent.

Rijanto recalled that a regulation providing for a minimum LDR ratio of at least 85 percent would stimulate the banks to be more creative in channeling their funds into the community.

According to Rijanto, the 1993 criteria for calculating the LDR ratio is the total amount of credit extended, divided by total funds deposited by third parties plus the capital of the bank concerned.

The definition of funds from third parties received by the banks, according to Bank of Indonesia Circular Letter No. 26/5/BPPP, dated 29 May 1993, is the total of KLBI's [], bank drafts, savings deposits, checking accounts, non-bank loans for more than three months, not including discounted loans, commercial bank paper due for repayment more than three months later, paid-in capital, and capital from loans.

From the foregoing it is clear that the banks at present are focusing on consolidation, rather than expanding credit.

The slowness in the extension of bank credit is also reflected in this week's report of the Limited Cabinet Meeting for the Economic and Finance Sectors issued by the coordinating minister for economics, finance, industry, and development supervision. The credit position of the banking industry as of the end of May 1993 increased by 3.6 percent, compared to December 1992, although the economic liquidity position during the same period rose by 4.6 percent to reach a level of 124.52 trillion rupiahs.

In another part of his statement Mar'ie said that there is a government bank which is asking 17 percent interest on investment loans and 19 percent on working capital loans. This means that interest on loans has fallen by two points from the previous average of 21 percent.

BI's Assets Declined, Interest Rate Announced

93SE0264C Jakarta *BISNIS INDONESIA* in Indonesian
27 Jul 93 p 1

[Text] Jakarta (*BISNIS INDONESIA*)—Banking observers consider that the ideal level of interest on savings deposits at the present time should be between 12.5 and 15 percent

annually. Meanwhile, gold and foreign exchange reserves held by the Bank Indonesia fell by more than two trillion rupiahs.

Rijanto, a commentator on banking developments, told a *BISNIS INDONESIA* observer in Jakarta on 26 July: "A safe rate of interest on bank deposits at the present time would be between 12 and 15 percent. As a result, an owner of funds for deposit can choose for himself which bank pays interest at that rate."

Rijanto's statement was closely related to the recent decline in interest rates on term savings, which has attracted a great deal of attention. The Indonesian National Bank [BNI] has been offering the lowest rate, 10.5 percent on an annual basis, for one month savings accounts. Meanwhile, there are other, private banks which are now offering 18 percent on an annual basis for the same period of time.

Rijanto recalled that the lowest level of interest on savings deposits should be 10.5 percent. If the rate falls below that figure, it is feared that there will be a decline in "capital inflow" [in English in the text] from abroad.

Although this is so, a rather moderate and safe level of interest on savings for depositors is between 12.5 and 15 percent. If a bank offers 17 percent in interest or more, investors need to be careful because the capital structure of the bank involved is in trouble.

This week the Bank Central Asia further reduced the interest which it is offering to 12 percent on one month deposits, to 13 percent on three month deposits, and to 13.5 percent on six and 12 month deposits. At the same time the Bank Exim [Import Export Bank] reduced the interest on savings accounts to 11 percent for one month, 12 percent for three months, and 13.5 percent for six and 12 month deposit. A group of other, privately-owned banks and new, harvest banks established under the Pact of 1988 have set average interest rates in general at 13.5 to 17 percent on an 373 annualized basis for deposits varying from one to 12 months.

The most recent, weekly report of the Bank Indonesia [BI, the central bank] reports that the average interest rate on Bank Indonesia's Certificates of Deposit [SBI] as of the first week of July 1993 was 8.64 percent. On publicly-owned bank certificates of deposit [SBPU], the rate was 11.25 percent; on "inter bank call money" [in English in the text], 8.07 percent; on Bank Indonesia discount facilities, 10.91 percent; and on three month savings deposits, 13.6 percent annually.

An indication of a reduction in bank liquidity was also reflected during the same period in the (net) SBI transition position in the inter-bank money market, which amounted to 16.66 trillion rupiahs as of the first week of July 1993, compared to 20.39 trillion rupiahs in March 1993.

On the basis of the foregoing data it was only appropriate for the banks recently to reduce the level of interest on their deposits to the lowest levels, in an effort to anticipate the interest to be paid on monetary instruments (both SBI's and SBPU's), which is presently at a rather low level.

Rijanto admitted that banks will find it difficult to reduce the rate of interest on loans to the same extent as interest on deposits. Although this is the case, there are several large, private banks which have taken the risk of offering 18 to 19 percent interest on an annualized basis on loans, particularly for "prime customers" [in English in the text].

Declining

The Bank Indonesia publication mentioned above also reported a decline in the value of gold and foreign exchange owned by the Bank Indonesia from 38.252 trillion rupiahs (in April 1993) to 36.131 trillion rupiahs (in June 1993), or a drop of 2.121 trillion rupiahs.

It is very possible that this decline in the value of central bank assets was closely related to a report by the World Bank, which stated that during the first two months of 1993 the Bank Indonesia had made payments on interest and other obligations to the World Bank of \$900 million (or about 2.0 trillion rupiahs).

Car Phone Operation Generates Good Revenue

93SE0266B Jakarta KOMPAS in Indonesian
10 Aug 93 p 2

[Text] Bandung, KOMPAS—Transferring cellular telephone processing to the private sector has not lost money for the state. The government receives about 60 percent of the total profits made by private companies operating cellular telephones, using the "Global System for Mobile Phones" (GSM), which is also used by PT [Limited Company] Satelindo [Indonesian Satellite Company, Inc, a government-owned firm].

Engineer J. L. Parapak, the secretary general of the Ministry of Tourism, Post, and Telecommunications, made this statement to KOMPAS and SURYA representatives after attending the official opening of the Education and Training Coordination Meeting held at the Postal and Money Order Education and Training Center in Bandung on 9 August, which was sponsored by the Ministry of Tourism, Post, and Telecommunications. Questions were asked of Joop Ave, the minister of tourism, post, and telecommunications, who officially opened the training session. However, the minister referred the questions to the secretary general of the ministry for answer.

According to Parapak, PT Satelindo and the four other, private companies as well, which now operate cellular telephone systems in Indonesia, get a percentage of the profits. The four companies are: Elektrindo Nusantara (a subsidiary of the Bimantara Group), Sentralindo, Pancasakti, Telekomindo, and Ratelindo. Although the four companies were given authority to operate cellular telephone systems, the charges for such use are set by the government.

Procedures Were Not Violated

The issuance of a cellular telephone license under the GSM system to PT Satelindo has been questioned in Parliament. Some people consider that the permit issued by the Directorate General of Postal Services of Jakarta in Purawidjaja at the end of June 1993 was in violation of Law No. 3 of

1989 and Government Regulation No. 8 of 1993 concerning the administration of the telecommunications system.

According to Parapak, the issuance of the frequency permit did not violate legal procedures. The director general in fact has the power to issue frequency permits. The permit for the use of cellular telephones using the GSM system was issued by the minister of tourism, post, and telecommunications when PT Satelindo was established on 23 February 1993.

He stated that in the permit establishing PT Satelindo the company was also given permission to operate satellites, cellular telephones, and an international telecommunications system. What needed to be resolved was the question of the choice of technology. He added: "Issuing the permit was not in question, because this had already been done."

Parapak continued that regarding the choice of technology PT Satelindo had studied several types of cellular telephone technology, including their advantages and weaknesses. It turned out that the technology chosen by PT Satelindo was the "Global System for Mobile Phones" (GSM). Parapak said, "There was no problem about the choice, and we authorized it."

The GSM system was chosen because it had several advantages, including the fact that factories already existed which could manufacture cellular telephones using the GSM system. As a result, PT Satelindo could choose between a number of factories. Furthermore, the GSM system uses a digital system, so that all of the advantages of digital equipment were included in the GSM system.

He added that the GSM system has a special frequency which cannot be included in other systems. Parapak said: "The Directorate General of Postal Services had the power to issue the frequency permit, and we issued it."

International Telecommunications

According to Parapak, there is a wide open possibility for PT Satelindo to operate an international telecommunications system, for this power was granted to PT Satelindo when it was established. Parapak said: "PT Satelindo is now studying that possibility."

Parapak continued that, although PT Satelindo has the authority to handle international telecommunications, it is not easy to establish such a system. If such an international telecommunications system is to be established, the first step is to build an international switching center. If the telecommunications system uses satellite facilities, this means that a ground station must be built. However, if the telecommunications system uses transoceanic cables, several other aspects must be considered.

Parapak denied that the fact that Satelindo is using the GSM system for international telephone communications means that it is competing with PT Indosat, which comes under the State Enterprises Board [BUMN], which has handled international telecommunications up to now. Parapak said: "It would be more correct to say that they

should cooperate," without going into details on the form of cooperation between Indosat and PT Satelindo.

A source in the Bimantara Company Group who was contacted separately said that the technology which is being developed is the result of an agreement reached between the Ministry of Tourism, Post, and Telecommunications and the BPPT (Technological Research and Development Board). The source said: "Certainly, it is not possible to make a decision like this without involving all of the parties concerned."

Meanwhile, another source in a private company using the GSM system expressed regret that certain groups are making an issue of the project. According to him, so far a number of groups in Indonesia are inclined to pay attention only to consumer interests. In a number of cases which came up some time ago Indonesia suffered as a nation because the interests of the business world were brushed aside to serve consumer interests.

As concrete examples he pointed to the HBO (Home Box Office) project and the office representing CNN (Cable News Network). These are business assets which Singapore was finally able to take over. The source said that originally the licenses for the two projects were in the hands of Indonesian businessmen. He declared: "However, because they did not have the necessary support, not to mention the fact that they were opposed by certain groups, the benefits from the two projects for Indonesia went to Singapore, which must be recognized at the present time as a competitor of Indonesia."

Paper Reports on Seriousness of Child Labor

93SE0249B Jakarta MERDEKA in Indonesian
29 Jul 93 p 1

[Excerpt] The rights of children to education and happiness still fall far short of hopes. Many of those who are underage are forced to work in factories, sell along the streets, beg on buses, or leave school benches to help their parents. Although their futures extend in front of them, it is as though no one cares. The exploitation of child labor is everywhere. What is to blame? MERDEKA reporters, M. Ismail, Usman Gumanti, Syahril Anwar, Zamri, Muhabar, Ratih Sayidun, and Retno Kumorosari present their special reports to mark National Children's Day on 23 July. Two of the reports are on page one, and another is on page two.

Children are assets for the future. Kahlil Giran likens them to arrows ready to be launched into a brighter era. Unfortunately, however, there are still many children who have not enjoyed the "world of children" that should be theirs, because too many parents continue to exploit their cheap labor with the excuse of having them help their parents.

For the companies and individuals who use the services of children, they clearly represent a special advantage, because the children are always prepared to be paid cheaply. On the other hand, it is very clearly a loss to the children themselves, because they lose their beautiful world, which cannot be reclaimed in their lifetime.

Every day, children in the city go here and there hawking whatever it is they are carrying. Villages, too, are not without children who leave school benches. In fact, there are some who do not go to school at all because of the necessity to help their parents or work in factories. Ironically, in their youth they pay no attention to health issues as long as they get money to help their parents.

Article 2 of Law No. 12 of 1948, in conjunction with Law No. 1 of 1951, declares that, for the sake of their health, children cannot work, since the bodies of children generally are not strong.

Lili Rilantono, general chairperson of the Communications Forum on the Guidance and Development of Indonesian Children (FKPPAI), said that regardless of the reason, children cannot be employed, because childhood is the age for play and school.

Legally, psychologically, or educationally, employing children cannot be justified, because children who work lose most of their time for play and development.

In view of an undeniable reality in connection with employing children, however, Lili Rilantono asks that parents give attention to the right of children to be guided and educated so that they can experience their childhood.

Unfortunately, Lili added, our society apparently does not yet realize that employing children can have bad consequences for the future of the nation and the state.

Child labor will indirectly produce structural poverty, because their right to schooling and achievement of the highest education possible has been taken from them. As a result, they will be able to use only their physical strength to work rather than the capabilities of their minds.

"This is despite the fact that in this present era of globalization, skilled manpower has more "work value" than workers who depend only on their muscles," said psychiatrist Dadang Hawari, M.D., Ph.D.

He said children who do not complete at least high schools [SMA] do not have very high levels of conceptual thinking and mental astuteness, which means that they are forced to use physical strength to work. Conditions like this will hurt the country in the future, because the development of quality human resources will fail.

According to Dadang Hawari, parents, their elders at school, and community leaders should have guilty feelings because so many underage children are forced to work and leave school benches.

"The minds of children are not given opportunity to develop if they are forced to work from childhood without going to school," the psychiatrist added. Dadang Hawari emphasized repeatedly that working is not a sign of self-sufficiency, because it is not yet time for them to work. It is even more regrettable when children work in the informal sector, such as sidewalk vending and begging, because they are usually organized and even manipulated by adult criminals. In the end they become thieves and purse snatchers.

"If they are like that now, we can picture what they will be when they are grown," lamented Dadang Hawari.

Children who work in factories will be laborers until they are grown, because they depend only on physical muscle. "In the end, this creates structural poverty," he declared.

Pro and Con

The numerous underage children who do various kinds of work, whether compelled or encouraged by family economic conditions or whether at their own wishes, are a common phenomenon in developing countries [passage omitted].

Company Using Child Labor Identified

93SE0249C Jakarta MERDEKA in Indonesian
29 Jul 93 p 11

[Excerpt] [passage omitted] One company that uses underage workers is Limited Company [PT] Bima Karya Prima [BKP] in West Bekasi.

Workers at the company need only to show a primary school/junior high school [SD/SMP] diploma, a letter of permission from parents, and an introduction from a village official. The ages of the workers are about 14 or 15. The company, which produces oil and bath soap accepts only underage workers.

The workers have the same working hours as adults. They work from 0730 to 1500 hours, at wages of 15,000 rupiah per week, without allowances for food or transportation. To be accepted by the company, application requirements are permission from parents and an introduction from a village official, along with an SD diploma. An acquaintance of mine who appeared to be about 17 once applied there and was not accepted. The company accepts only those who are 14 or 15. It in fact accepts underage workers.

When a security officer tried to contact the manager of PT BKP, the officer was told that the manager was not in. About 400 people, male and female, work there. They are divided into several shifts, arriving morning, afternoon, and night.

Those hundreds of workers come largely from poor village families. Generally, they wear thong sandals, t-shirts, and dirty jackets. Such a scene is very troubling, seeing that the company pays little attention to labor regulations, such as K-3.

When Djam Isnudi, director of the Branch Executive Council (DPC) for Bekasi District of the All-Indonesia Labor Federation (SPSI), was contacted, he said, "We have called on companies in Bekasi District to hire workers who are adults (age 17). There are indeed companies that employ underage workers. It is up to the company that accepts them, for the agency with full authority is the Department of Manpower. As an organization, we are limited only to standing up for the welfare of workers.

The minimum wage in Bekasi District is 2,600 rupiah, and the SPSI DPC will take up a case if a worker reports welfare shortcomings at his place of work. Cases of strikes in Bekasi District are on the rise. In almost all of the 34

companies involved from 1 January to 20 July 1993, workers went on strike to demand better welfare.

A. Daud S.M.H.K., chief of the Bekasi District Labor Placement Agency said there are about 11 labor regulations at the village level and about 15 at the city level. For companies that employ underage workers, we provide introductory letters on the basis of introductory documents from villages. Most workers falsify their ages, changing them from 14 to 17 years.

Companies that hire underage workers have an impact on the community in Bekasi District. Many parents in the villages force their children to leave school. On the one hand, there is a positive impact, because a child who works helps parents in a poor family and reduces the unemployment figure.

Drs. Hermanto, chairman of the Student Affairs Council at the '45 Islamic University in Bekasi, said, "Companies that use underage workers without going through the Department of Manpower do not support the compulsory nine-year education program."

Although this helps parents who are unable to work, it violates labor regulations issued by the minister of manpower and the Department of Man Power. "Such companies should be reprimanded or warned."

Use of Telephone Cards Increasing

93SE0249D Jakarta MERDEKA in Indonesian
21 Jul 93 p 8

[Text] The use of telephone cards has been growing impressively. Data obtain from the Public Relations Office at Limited Company [PT] Telkom headquarters show that telephone cards issued in 1991 and 1992 totaled 1.9 million and 3.5 million, respectively.

In 1991, the nearly 275 million pulses [telephone usage measure] produced 20.5 billion rupiah, but in 1992 the figures rose to 477.5 million pulses and 35.8 billion rupiah.

Exceptional increases have also occurred in 1993. In April 1993, 380,320 cards were issued, which produced 3.7 billion rupiah; and in May 1993, 2.9 million cards were issued, bringing in 27.4 billion rupiah.

The use of public telephone cards (KTU's) is now very popular all over the world, and in Indonesia, too, as shown by the data cited above. Producers of coin-operated telephones have recently tended toward making card telephones, instead. This is especially true of Japan.

Strategic corners in the big cities of Indonesia have not escaped the installation of card telephones. Public places like hotels, bus terminals, airports, supermarkets, and similar sites are almost certain to have them. They are also found at movie houses, banks, and golf courses.

Card telephones are indeed practical. With only a card, we may make telephone calls to wherever we please. They may be local, long distance, or international!

There are various reasons why people like to collect KTU's. One of the reasons is the variety of motifs and pictures on the cards.

PT Telkom Principal Director Setyanto P. Santosa noted the great interest of KTU collectors when he spoke at a recent ceremony in Jakarta launching the inaugural issue of the Environmental Series KTU.

The Environmental Series KTU was issued through the cooperation of PT Telkom, the Indonesian Environmental Association (WALHI), and PT Benusa Trikom Persada, which acted as issuer and distributor. In the inaugural stage, 1 million cards were issued. From those card sales, 11 percent of revenues went to WALHI, 35 percent to PT Telkom, and the rest to PT Benusa Trikom Persada.

Four types of cards were issued: 60, 100, 140, and 280 pulses, at prices of 4,950, 8,250, 11,550, and 23,100 rupiah, respectively, including value-added taxes.

For certain collectors, unused KTU's have high values. For that reason, they generally buy more than one card with a picture or motif. One is to be saved, and the others are for calling.

In developed countries, such as Japan, card telephones can be said to dominate the public telephone market. An average of 20 million cards are issued every month, whereas in Indonesia the monthly average is only 1.2 million cards.

Like stamp collectors, KTU collectors usually have a certain pride and satisfaction, especially if their collection includes KTU's issued overseas.

For businesses, the KTU's have special meaning as a promotion medium that is not only the latest and most high-tech, but can also be directed at selected targets with potential. A company's message and logo can be put on the KTU's.

With regard to the inaugural issue of the Environmental Series KTU, D. Amaruddin, chief of public relations for PT Telkom, said that initially PT Telkom had appointed WALHI, which then obtained the cooperation of PT Benusa Trikom Persada for issuing and marketing the KTU's with pictures and messages to the public calling for concern and protection of the environment.

PT Telkom, which anticipated the trend toward rising public use of card telephones, set a target for installation of 12,088 card-operated telephone lines in 1993 (twice the existing number).

With the addition of these lines, PT Telkom also set a target of 681,070,177 pulses, also twice that of 1992.

PT Telkom Public Relations has observed shortcomings in uniformity in the manufacture and distribution of KTU's. For example, sometimes the price is stated without including the value-added tax. There are some who do not state the official price and 10-percent telecommunications fee at all, despite the requirement to provide such information.

PT Telkom Public Relations feels that there needs to be a single viewpoint on this issue or strategies for blocking retailers who are unfair.

There needs to be uniformity in stating card prices, whether by stickers or other similar means approved by PT Telkom.

Commentary on Depressed Laborers' Wages

93SE0265A Jakarta KOMPAS in Indonesian
13 Aug 93 pp 1, 11

[Text] Jakarta, KOMPAS—The Indonesian Government must improve the social and economic conditions of the workers to respond to a number of threats and questions from developed countries. Such an improvement would include providing the workers with freedom to join trade unions, abolishing a number of regulations which control the lives of the workers, and seeking to ensure that the workers receive adequate wages.

This is a summary of the views of Dr. Mulya Lubis, a legal consultant and attorney at law, and it also reflects the outlook of the Indonesian Literacy Foundation (YLBHI), expressed in a press statement received by KOMPAS on 8 August. The press statement was signed by Dr. Adnan Buyung Nasution, attorney at law and chairman of the YLBHI, and Frans Hendra Winarta, attorney at law and a member of the YLBHI secretariat.

Regarding a question by Gareth Evans, Australian foreign and trade minister, Mulya Lubis thinks that Evans' question raises a fundamental issue. Mulya Lubis commented: "Who would have thought that Australia would ask about labor conditions in Indonesia? They are not asking about East Timor, for example."

Meanwhile, Tadjuddin Noer Said, a member of Committee V and of the [Development Unity (KP) faction in Parliament, thinks that the government should not allow itself to be dictated to by another country in an excessive way. For example, the government should not be afraid of the threat to abolish GSP (Generalized System of Preferences) tariff advantages if the concession which must be "paid" turns out to be specifically damaging to the country's interests. Furthermore, in a political sense, we stand on our own two feet in making improvements in the lives of the workers, without giving the impression that we are being pressured to do this by the U.S. We should not sacrifice our status as a free and sovereign nation in exchange for GSP advantages.

According to Tadjuddin, Indonesia should learn from experience. When the GSP advantages were granted to us, we were forced to accept U.S. policy on film exports to Indonesia. He asked firmly, "What happened? Our domestic film industry was destroyed."

The same thing happened when Indonesia was forced to agree to recognize "intellectual property rights." That also involved satisfying U.S. interests. After we agreed to recognize these rights, it turned out that it made things difficult for Indonesia itself. He said: "Thailand did not

agree to recognize these rights and benefited from its stand. Its GSP advantages were not canceled."

Wages Too Low

Mulya Lubis thinks that the Indonesian business world is paying wages which are too low. Indeed, Indonesian wages are the lowest among the various countries of ASEAN. Mulya Lubis said that by holding down workers' wages Indonesian businessmen are expanding their companies in Indonesia as well as abroad. Mulya Lubis said: "Certainly, this is felt to be an injustice."

Mulya Lubis continued: "It is ironic that our businessmen act as if they are not prepared to sacrifice by paying adequate wages to the workers. Accordingly, they feel that wages for the workers must be held down, so that business can continue to expand. If, in fact, our businessmen are able to pay higher wages, why do they refuse to do so?"

He continued: "Look at the reality facing our workers. I am not surprised that Evans asked questions about the problems of our workers. Australian consumers will ask whether, if this is the way things are, it means that we Australians are subsidizing Indonesian businessmen. We Indonesians may be touchy about this, but that is what the reality is. Indeed, we must do a great deal to strengthen the position of the workers."

Mulya thinks that it was right to send a special diplomatic mission to the U.S. to urge the U.S. Government not to abolish GSP advantages. However, he said, in addition to sending the diplomatic mission, we need to take other action to improve the condition of the workers. Mulya Lubis said: "The problem is that it is not a matter of how to avoid having the GSP advantages canceled but rather how to improve the condition of the workers. The threat to cancel the GSP advantages could come up every year."

Speaking along the same lines as Mulya, Buyung Nasution thinks that the GSP advantages conceded to Indonesia by the U.S. Government are indeed necessary for the growth of industry and state foreign exchange reserves. However, unfortunately, those facilities are only enjoyed by a small group of businessmen, and they sacrifice the rights of the workers.

For that reason, Buyung Nasution said that the efforts by the Indonesian Government to urge the U.S. Government not to abolish the GSP advantages cannot be separated from steps which should be a matter for priority Indonesian action, that is, improving the economic condition and basic rights of the Indonesian workers.

In its effort to improve the condition of the workers the Indonesian Government needs to change its view of the workers as a potential threat to political stability. Until now this has been the attitude it has displayed in handling the security situation.

Freedom To Join Trade Unions

The YLBHI considers that in its efforts to improve the condition of the workers the government must make it possible for the workers to be free to join trade unions. This means that the policy of a single trade union for the

workers must be abandoned. The workers must be given the freedom to organize themselves and to form independent organizations, not limited only to the All Indonesian Workers Union [SPSI], which is now an instrument of the government bureaucracy. Interference by businessmen in the process of forming trade unions must also be stopped.

The YLBHI also urges the government to abolish regulations which pressure the lives of the workers. For example, regulations like Decision No. KEP.342/MEN of 1986 by the minister of manpower which gave employers the right to call in outside bodies, such as the local government, the KODIM [Military District Command], or the District Police Office, to handle strikes by the workers.

Another example is Decision No. PER.03/MEN/1993 concerning the registration of trade unions. This regulation turned an administrative regulation into a regulation on whether or not it was legal to form a trade union. This regulation ended the possibility that independent trade unions could be formed. Another regulation which should be abolished is Decision No. KEP.438/MEN/1992 by the minister of manpower which provides guidance on the formation and development of trade unions in private sector companies. Other regulations which should be abolished are Decision No. KEP.1108/MEN/1986 by the minister of manpower providing guidance on the resolution of labor disputes and Decision No. KEP.04/1986 by the minister of manpower on handling PHK's [dismissals of workers], the calculation of severance pay, payment for services rendered, and compensation pay.

Decision No. KEP.04/1986 provides employers with an opportunity to carry out mass dismissals of the workers. This regulation makes it legal to regard workers who have not been on strike for six, continuous days as having quit their jobs, without requiring a decision by Central and Regional Committees for the Resolution of Labor Disputes (P4P/P4D).

Need for Deregulation

Meanwhile, Prof Dr. Mindrowo Prawirodjunemo, a professor at Airlangga University in Surabaya who is also chairman of the East Java Regional Salaries Council, stated that, apart from whether or not there is pressure from outside parties, the government realizes the importance of labor deregulation. He said: "A large number of laws, regulations, and policies on labor matters need to be reviewed to provide for openness and liberalization in the economic sector."

He said that deregulation of labor laws should not only cover the protection of standard labor rights, such as wages, hours of work, and work safety, but also the freedom to organize and represent the workers' aspirations in a proper way. He stated: "The work place should not be dominated by the SPSI, which is now considered unable to advance the aspirations of the workers. How good it would be if the government also recognized the existence of another labor organization."

He said that in view of the present, institutional crisis the workers have no alternative through which to express their

aspirations. The emergence of ad hoc institutions, such as labor solidarity forums, provide a clear indication of the existence of dissatisfaction, not only in the SPSI, but also in the way in which the government is handling labor cases.

Mindrowo said: "On the other hand, although it appears that it is no longer on the side of the employers, the government has not clearly accommodated the interests of the workers and brought them together with those of the employers."

He admitted that issuing regulations, such as on minimum wages, to give only one example, frequently leads into a dilemma. For example, the government cannot just close down companies and pay the wages of the workers under the provisions of a regulation. On the other hand the government also cannot permit violations of the regulations.

Invisible Costs

In fact, the wages of the workers are still a small component of the production costs which Indonesian businessmen must pay. Mindrowo said: "Perhaps, as a maximum, workers' wages are about 20-25 percent of total production costs. In the U.S., for example, labor costs have slowly reached 50 percent of the total cost of production. At the same time, in Indonesia it is very difficult to equate wages to minimum physical needs (KFM)."

This has happened in East Java, which has set a target of raising regional, minimum wages to the level of minimum physical needs by the end of the Fifth Five-Year Plan. As a step toward reaching this target in March 1993 the East Java Regional Salaries Council set the regional minimum wage at 3,000 rupiahs, or 90 percent of the minimum physical needs level. This recommendation will be reviewed every year, so that it can be raised in a gradual way.

Mindrowo added: "In addition to a gradual way of reaching the KFM this approach was adopted when we saw that the inflation level was so high, reaching 6.44 percent per quarter. We sent this recommendation to the governor of East Java for transmission to the minister of manpower, who is the specific official who will make a decision on the matter."

It turned out that the provincial government of East Java took the initiative, on its own authority, of issuing a Governor's Circular Letter which called on employers to raise minimum wages to 2,700 rupiahs. Mindrowo said: "Surprisingly, although this was still far below the recommendation of the East Java Regional Salaries Council, employers strongly protested, with the result that, as of now, they are not following the provisions of the Circular Letter."

Generally, the reason given for their action by the employers, which is now widely known, is the burden of invisible costs for their employees as a whole. The employers feel that overall costs which must be met are rather large, with the result that the total cost of production is rising steadily. Mindrowo said: "If this situation is

allowed to continue, the employers cannot be blamed, and the result is that the question has still not been resolved. Now is the time for the central government to deregulate labor regulations, at the same time that it exercises supervision to protect the workers and employers in a balanced way."

Machinery, Steel Industries Below Capacity

93SE0266A Jakarta *BISNIS INDONESIA* in Indonesian
27 Jul 93 p 6

[Text] Jakarta (BISNIS INDONESIA)—During the past four years the machinery and steel industries have only been producing at a level of 50 percent of installed capacity, because of the government's policy of not protecting this kind of industry.

Achmad Kalla, general chairman of the Indonesian Association of Machinery and Metal Processing Industries (GAMMA) is concerned that the future state of this industry will become increasingly precarious if the government does not immediately pay attention to it.

He said on 26 July, after meeting with Minister of Industry Ariwibowo: "For the past four years growth in the machinery and metal processing industries has stagnated. Indeed, the government has given the impression that it is ignoring this industrial sector."

Kalla and a group of other directors of GAMMA met with the minister of industry to present their views on the condition of the machinery and metal processing industries with which they are concerned. Kalla said, "These industries are not dead, but they are not really alive, either." He continued that the condition of the machinery and metal processing industries will become even more precarious without government protection.

He stated that, in fact, the association has asked the government to give it protection to stimulate it and to prevent an even more serious situation from developing.

However, the minister of industry firmly refused to provide this kind of protection. Minister of Industry Tunky, as quoted by the general chairman of GAMMA, continues to urge the machinery and metal processing industries to compete freely, without any protection at all. Indeed, the minister also rejected the GAMMA proposal that it be given a kind of hidden subsidy.

The directors of GAMMA consider that free competition will not help the condition of its members. The general chairman of GAMMA admitted that as of now its members are obtaining more contracts overseas than within Indonesia. This is caused by the fact that some of its members have been willing to hold down profits, even working without a profit to compensate for their failure to obtain contracts within Indonesia.

Kalla firmly stated: "Because the government continues to refuse to provide protection, our only hope is from the banking sector. At least the government could urge the banks to give priority to machinery and metal processing industries in extending loans."

Until now, he continued, the banks have been very reluctant to make loans to machinery and metal processing industries. The reason they give is that the repayment of such loans is a long term matter, taking from seven to eight years to complete.

The general chairman of GAMMA said: "Of course, the banks place a higher priority on making short term loans to the business sector, to provide a security guarantee for the expansion of bank loans."

He said that the small size of real production, compared with existing, installed capacity, is causing considerable loss to the industry, particularly in view of the investment initially made in this sector.

Kalla and the other directors of GAMMA did not provide details on the installed capacity of the 216 machinery and metal processing companies belonging to GAMMA. As a matter of fact, he added that there is another association which is part of GAMMA, that is, the Container Association, which is threatened with bankruptcy because only one company belonging to it is still actively engaged in business. Meanwhile, the other firms in this association are no longer active.

Low Use of Hydroelectric Power Reported

93SE0266C Jakarta BISNIS INDONESIA in Indonesian
4 Aug 93 p 9

[Text] Bandung. BISNIS INDONESIA—Barely 5.68 percent or 4,260.3 MW [Megawatts] of potential hydroelectric generator (PLTA) capacity in Indonesia is being used because investment funds are insufficient.

Kodyat Samadikun, director for construction of the State Electricity Corporation [PLN], said that the consumption of hydroelectric power is about 23.03 percent of total electricity consumption, while the remaining electricity comes from thermal generated power. This situation is caused by the fact that the use of electricity generated by water power in the various regions of the country varies considerably.

He said that in Java alone 51 percent of potential hydroelectric resources, or 4,200 MW, has been developed. In Sumatra 10.44 percent of potential resources of 15,587 MW has been developed. In Sulawesi 3.30 percent of potential resources of 10,181 MW has been developed,

while in the other islands less than 0.4 percent of potential resources has been developed.

After attending the National Symposium on Water Problems, held at the Bandung Technological Institute [ITB] in Bandung, Kodyat Samadikun told a BISNIS representative: "These figures show that outside of Java hydroelectric power is still used very little."

According to Samadikun, the areas outside of Java have a good potential for hydroelectric power, from the technical point of view, and their economic prospects are substantial. However, the respective centers for hydroelectric power development are still relatively small and are scattered, so that their development still has a lower priority than similar resources in Java.

However, he said, the areas where hydroelectric resources have not yet been developed will become potential, major centers for development.

Accordingly, the PLN has anticipated this development by making studies in Sumatra, Kalimantan, Sulawesi, Maluku, and Irian Jaya, he added. In the future the results of the studies of hydroelectric power resources will be used not only to meet the needs of the surrounding areas, but the electricity produced will be exported to Malaysia, Singapore, parts of Sumatra, and Kalimantan, as well as to Papua New Guinea from a hydroelectric project in Irian Jaya. These projects include the Memberamo I hydroelectric project in Irian Jaya, the Kayan II project in East Kalimantan, and the Poso III project in Central Sulawesi.

The Memberamo I project will cost \$4.616 billion, and the Kayan II project in East Kalimantan will cost \$2.166 billion. Samadikun said: "Investments this large will not be handled by Indonesia alone."

Turning to another aspect, Samadikun declared that to handle electricity needs in isolated centers and on a small scale the PLN has developed small hydroelectric generators (mini-hidro projects), especially for use in Java.

Furthermore, electricity pump generators will be used, in which there are upper and lower basin water reservoirs.

The electricity pump generators will be used to provide for electricity needs at peak periods, because water from the upper basin reservoirs will be drawn down to produce electricity, while during off peak periods the water will be pumped back from the lower to the upper basin reservoirs.

POLITICAL

Ghafar Baba To Run Again in UMNO Election

93SE0271B Kuala Lumpur BERITA HARIAN
in Malay 12 Aug 93 p 1

[Text] Johor Baharu, 11 Aug—United Malays National Organization [UMNO] Deputy President Ghafar Baba has officially announced that he will defend his post in the party election in November.

He said he is prepared to run if there are UMNO divisions that will nominate him.

Ghafar made the announcement in response to questions from UMNO members, who have been waiting to know whether he will defend his position.

"I would like to say that I will run for the position if nominated," he told reporters today after inaugurating construction of the Community Development Division [KEMAS] Community Development Center at the Urban Development Authority [UDA] New Town.

Chief Minister Tan Sri Muhyiddin Mohd. Yassin and Minister of Information Datuk Mohamed Rahmat were also present.

In reply to a question, Ghafar, who is also deputy prime minister, said the UMNO constitution permits a person to run for any position in the party if he has at least two nominations.

With regard to the view held by some people that old leaders need to give opportunities to new ones, he said, "I am still young and strong for continuing the party's struggle.

"Do you think I am old? I am actually still young and strong," he said.

Ghafar also said he did not know anything about reports that he would relinquish his job as deputy prime minister.

Ghafar had said earlier in his speech that he still wanted to serve the country.

"I once left the cabinet for business; but when Prime Minister Datuk Sri Dr. Mahathir Mohamad asked me to come back, I agreed, and I am comfortable here," he said.

Ghafar said jokingly that it is not hard to be deputy prime minister and that anyone could hold the job, but he asked those present not to take it away from him for now.

Ghafar also said he has eight to 10 years to serve the country.

"It is better for me to keep working with the party than merely to sit and do nothing," he said.

He also criticized the attitudes of Malays who feel they are old when they have grandchildren. He said some even walk with a stoop.

He therefore advised people to change their attitudes immediately, saying they should be more open and be willing to accept changes consistent with the government's objective of fulfilling the 2020 Concept.

He said that everyone should work to achieve that objective and that each person has his place.

"If you want to elect mosque officials, there is a procedure; and if you want to select someone to play ball, don't choose me, for you will be sure to lose," he said.

Thus, he said, everyone must be put in a place that he can be responsible for.

Minister Warns Against 'Money Politics' in UMNO

93SE0271A Kuala Lumpur BERITA HARIAN
in Malay 10 Aug 93 p 2

[Text] Kepala Batas, 8 Aug—United Malays National Organization [UMNO] will be destroyed if money politics affects the party election process at any level, said UMNO Vice President Datuk Abdullah Ahmad Badawi.

Of even greater concern, he said, is that if members like to play money politics, UMNO's enemies will take the opportunity to pay money secretly and thus manipulate those members.

"If that happens, it will cripple not only UMNO's struggle, but Malay interests as well.

"The party's president, Datuk Sri Dr. Mahathir Mohamad, has often advised members not to play money politics. I hope that advice will be heeded.

"Therefore, members should reject money politics, especially during campaigns for office," he told reporters today after opening the general assembly of the Seri Bertam UMNO Branch.

Abdullah, who is also foreign minister, said that money as the determining factor in the party would be contrary to the goals of UMNO's original struggle and that Malays themselves would be the victims.

"Members need to realize that UMNO's enemies are always seeking ways to destroy the party's struggle. They are prepared to spend money, and money politics is dangerous, not only to the party, but to Malays and the country," he said.

He said the UMNO General Assembly this November will attract the attention of not only foreign nationals and officials in this country, but of world leaders, too.

He said international newspapers and magazines are now putting party elections in their headlines, among them the election of Japanese Prime Minister Morihiro Hosokawa.

"The most important thing is that party members take heed to their campaign methods and practice democracy," he said.

He said party members hope that the position of UMNO, as leader of the National Front (BN), will not be threatened but will be further strengthened through cooperation among all communal groups.

ECONOMIC**Minister Calls for National Competitive Strategy**

93SE0270A Kuala Lumpur BERITA HARIAN
in Malay 17 Aug 93 p 6

[Text] Malaysia needs to have a national approach and strategy for handling competition problems, which are certain to become worse throughout the nineties and in the future.

Minister of International Trade and Industry Datuk Sri Rafidah Aziz said a national strategy is needed to identify the efforts and resources of the public and private sectors.

She said the strategy should include information from all sectors and should take seriously Malaysia's ability to compete effectively in international markets.

"This national effort should have everything it needs to accelerate and establish growth," she said in her welcoming speech to the National Competitiveness Forum in Kuala Lumpur yesterday.

The one-day forum, which was opened by Prime Minister Datuk Seri Dr. Mahathir Mohamad, was jointly sponsored by the Ministry of International Trade and Industry (MITI) and the Malaysian Business Council (MBC).

The forum, which was held to provide a platform for discussing problems related to Malaysian competitiveness on international markets, was attended by about 200 senior government officials and corporate leaders.

Rafidah said that for the national effort to establish competitiveness to be successful, it must give priority to sectors identified as having advantages over other sectors.

She said Malaysia also needs to improve its technological skills and capabilities so that it can expand productivity, thus stimulating continued growth.

This country also needs to realize that one of the efforts it can make to reach the objective of improving competitiveness is a human resource development program.

"Consistent with the effort to establish and increase competitiveness, local manufacturers also need to produce goods for export that are more competitive," she said.

Rafidah said national competitiveness depends on how far Malaysia can package goods and services to meet increasingly varied demand.

She said that in the enthusiasm to do this, manufacturers must not neglect the factors of high quality and reasonable cost, because those things may be the main advantages of a product.

POLITICAL

Officials Comment on Workers in Libyan Weapons Plant

93SE0277A Bangkok MATICHON in Thai 1, 2 Sep 93

[1 Sep 93 pp 1, 3]

[Excerpts] [passage omitted] On the morning of 31 August at the Ministry of Interior, during a review of the weekly government activities, General Chawalit Yongchaiyut, the minister of defense, asked Mrs. Amphon Chulananan, the director-general of Labor Skills Development Department, to inform those at the meeting about the situation concerning Thai laborers in Libya. There have been reports that Thais are working in a plant there that produces nuclear weapons. [passage omitted]

"That plant is located in Tripoli, the capital of Libya. The United States did not say how many Thai workers are working at that plant. All Gen. Chawalit was told was that the United States has set an October deadline for turning over the criminals in the bombing of an aircraft that resulted in the deaths of American citizens. If Libya does not do this, the United States may take action. It is feared that if it does take action, that could affect the Thai laborers in Libya. The United Nations has a boycott against nuclear weapons. Gen. Chawalit has said that Thailand will act in accord with the United Nations' resolution," said a news source.

After the meeting, Mrs. Amphon told reporters that there are now about 25,000 Thais in Libya. Of these, only 5,000 have traveled there legally by applying through the Labor Skills Development Department. The rest have gone there illegally, with most going directly from Malaysia to Libya. The Labor Skills Development Department does not have any clear evidence to determine whether Thai workers are in fact working at that weapons plant.

"From what we know, there are about 200 people there. But they are engaged in water filtration work. What is worrisome is that if the United States bombs Libya, we don't know what we can do to help those workers," said Mrs. Amphon.

A report from the Labor Skills Development Department stated that because the department does not have any evidence to confirm this, recently, officials were sent from Thailand to Libya to investigate the matter. Those officials carried diplomatic passports. But when they arrived, they couldn't determine the facts, because they weren't allowed to get near anyone working at the plant said to be a nuclear weapons plant. All they could see was a wall that was taller than a three-story building on an area encompassing approximately 100 rai.

Mr. Suthat Ngoenmun, the deputy minister of interior, said that it is believed that those 200 Thais are engaged in water filtration work rather than the production of weapons. But he is concerned about all 25,000 Thais working in Libya. Because if the United States attacks

Libya, the government will have to find a way to help them get out of Libya safely. Thus, this is a very important matter.

[2 Sep 93 pp 1, 28]

[Excerpts] [passage omitted] Mr. Suthat Ngoenmun, the deputy minister of interior, was interviewed on 1 September at the Ministry of Interior about the preparations made to move the 25,000 Thais working in Libya. The United States has given Libya a deadline, and that could affect these workers. Mr. Suthat said that not all of the Thai workers who are working at the weapons production plant in Libya traveled there legally. Only 10,000 of those 25,000 Thais traveled there legally. As for moving these people, the same method used to move workers out of Kuwait and Iraq will be used. Budget funds will be used to pay for this, with the exact amount depending on the number of people and the means used to transport them. The question now is whether those workers know that the United States is planning to launch an attack, because entering and leaving the weapons plant is rather difficult.

"There are 200 Thais working at a plant that produces clean water for a chemical weapons plant. They are not directly involved in producing the weapons. As for Thai workers going to work there without going through the proper channels here, we still can't control that, because they go there on a foreign visa. However, steps are being taken to deal with this. This matter will be submitted at a meeting of the interior ministry's legal section on 3 September. Employment agencies will be prohibited from sending people to work in plants that produce chemical weapons and other types of weapons. Penalties will include both imprisonment and fines," said Mr. Suthat. He added that there are three private Thai companies that the United States suspects of sending people to engage in weapons production work. One of these is the SPC Suphachok Company Ltd. Labor Skills Development officials withdrew the license of this company in March 1992. The other two companies are the W. and M. Associates Company Ltd. and the Handle Group Company Ltd. The latter company does not have a license to arrange jobs or a lawful office. [passage omitted]

In an interview, Mr. Prachayathawi Tawethikun, the deputy under secretary of foreign affairs, said that if a crisis arises and the United States does bomb Libya in October, the aid committee, which is composed of officials from the Ministry of Foreign Affairs, the Ministry of Interior, and the National Security Council, has formulated three plans to provide help. One is to move the Thai laborers to a safe location in Libya. Another is to move them to safety through Egypt and Tunisia. The third is to transport them to Malta by sea. A refugee center will be set up in order to send them home. The planning and costs will be coordinated with the companies that employ them.

"The U.S. bombing attacks might not effect the Thai workers, because they are not working in strategic areas. The major concern is that Libya may use them as hostages. That happened once before when Thai workers went to work in a Libyan security sector. The Thai Government

did not think that that was safe and so we negotiated their return. But one of the conditions set by Libya was that all Thai workers in Libya would have to leave," said Mr. Pratchayathawi. He added that the United States has warned Thailand about this several times. But so far, nothing has been done. But this time, it's uncertain if the United States and its allies will take action against Libya. If they do, he said that he hopes the United States will warn Thailand in advance so that preparations can be made to move the Thai workers.

Mr. Sakthip Krairuk, the director-general of the Information Department, Ministry of Foreign Affairs, said that most of the Thai workers in Libya are involved in construction and irrigation work for large Korean, Italian, and German companies. The United States has asked the permanent members of the UN Security Council to impose monetary and economic sanctions on Libya. This resolution will go into effect in October. They probably won't bomb Libya. Because if they do, many countries will condemn the United States for harming innocent people in Libya.

Reporting Continues on Southern Unrest

Malaysian Military Awareness

93SE0267A Bangkok DAILY NEWS in Thai
27 Aug 93 pp 1, 11, 19

[Excerpts] [passage omitted] On the morning of 26 August, a reporter reported that Mr. Samat Disama, the subdistrict chief in Sa Ae Subdistrict, Muang District, Yala Province, brought Mr. Harong Kade, or Yuso Kate, to surrender to Mr. Thian Suwannarat, the district officer in Muang District, Yala Province. Mr. Harong, age 26, who lives at 33 Village 1, Sa Ae Subdistrict, Muang District, Yala Province, was a member of the National Revolutionary Front [BRN], a bandit terrorist group that attacked soldiers of Thaksin Development Unit 13. [passage omitted]

Mr. Harong, or Yuso, said that when they returned to their main base in Malaysia, they met some Malaysian soldiers, but the Malaysian soldiers did not do anything. They warned them to be careful and not do anything shameful. This large base is located inside Malaysia about 5 km from the Thai-Malaysian border opposite Than To District. [passage omitted]

At 1300 hours that same day, Lieutenant General Kittirattanachaya, the 4th Army Region commander, Police General Manat Khrutchaiyan, the deputy director-general of the Police Department, and Mr. Sawat Krutrattanan, the governor of Yala Province, brought Mr. Harong, or Yuso before a group of reporters and issued a statement. This took place in the conference room of Joint Civil-Police-Military Headquarters 43 at the Sirinathon Camp in Khao Tum Subdistrict, Yarang District, Pattani Province. The 4th Army Region commander said that no criminal charges will be filed against Mr. Harong, or Yuso. Instead, action will be taken in accord with Order 66/23. The military will not use force but political means instead. The fact that this bandit terrorist surrendered can be construed as the use of political means. It may not be

necessary to use judicial power. As for suppressing the operations base of the bandit terrorists that is located in Malaysia, talks will be held with Malaysian officials. We will ask for permission to send in forces to conduct a search. But people should remain calm. Malaysia must approve this first. He assured people that this will definitely be possible. [passage omitted]

PULO, Factional Leadership

93SE0267B Bangkok MATICHON in Thai
4 Aug 93 pp 1, 3

[Excerpt] [passage omitted] The bandit terrorists again committed an act of violence when they bombed the Hat Yai railroad station in Songkhla Province on 13 August 1992. That time, the bandit terrorists boldly announced that this was the work of the bandit terrorist groups led by Mr. Sama-ae Thanam and Dr. Arong Muleng, or "Arong America." But looking at the facts, it seems that Mr. Sama-ae Thanam's group bears most of the responsibility for that act of violence. That's because it is generally recognized that the bandit terrorist group led by Mr. Sama-ae was a very violent group. Dr. Arong, who earned his Ph.D. degree in the United States, was very different. He hid in Malaysia and let his nephew carry on mass agitation work in order to build a election base for politicians.

As for Mr. Sama-ae Thanam, every terrorist act committed in southern Thailand confirms that his group prefers to use violence to bring about change. Mr. Sama-ae was born in Tha Nam Subdistrict, Panare District, Pattani Province. He is now about 50 years old. When he was a young man, he joined Pattani United Liberation Organization [PULO], a southern terrorist group that was about the same size as the National Revolutionary Front, or BRN.

At that time, PULO carried on both political and military operations. Their objective was to seize control of Yala, Narathiwat, Satun, and Pattani Provinces and establish the Federation of Pattani.

Militarily, PULO had four armed groups:

The group of Mr. Biraheng Thanam, who controlled the Si Mankong force, operated in Yala Province.

The group of Mr. Bikho Abdulbaso, who controlled the Si Nadoro force, operated in Songkhla Province.

The group of Mr. Seng Talo Buke, who controlled the Si Hikmak force, operated in Narathiwat Province.

The group of Mr. Sama-ae Thanam, who controlled the Si Salatan force, operated in Pattani Province.

The Si Salatan force was considered to be PULO's most efficient armed force. Even though it was composed of only 25-30 men, Thai officials considered this force to be PULO's strongest force.

While officials were still looking for the right way to deal with this problem, Mr. Sama-ae formulated a plan and committed atrocities against the people in southern Thailand. This included setting off bombs, shooting policemen

and soldiers, assassinating Thai Buddhists, burning down schools, demanding ransom, and demanding protection money.

Thus, not long after PULO began carrying on activities, Mr. Sama-ae Thanam's name was placed on the first page of the black list. Police officials conducted a massive search for him, which finally forced him to flee through Rangae and Ruso Districts in Narathiwat Province to Bannang Sata District in Yala Province. From there, he fled to Betong District in Yala Province. He then fled across the border to Malaysia. Before fleeing across the border, Mr. Sama-ae killed 14 Thais in Bannang Sata District.

After the Thai Government launched a powerful suppression operation against the Armed Forces of Mr. Sama-ae and implemented a policy aimed at disbanding the bandit terrorist forces in southern Thailand by having the bandit terrorists surrender and participate in the development of Thailand, PULO shifted from using violence to carrying on mass agitation activities in order to build an election base for Thai politicians. They shifted from using force to threaten the lives and property of the people to helping the people. Ever since then, life in the four southern provinces has been normal. There have been only minor incidents, such as demands for ransom money and protection money. But the police have been able to deal with those problems.

Many people thought that PULO was now a part of history. But the bombing of the Hat Yai railroad station in 1992 and the torching of 33 schools in three southern border provinces on 1 August 1993 has made it clear that PULO still has "sharp claws."

The fact that Mr. Sama-ae Thanam's group has been quiet does not mean that he has surrendered to officials. Instead, he has been building up his forces in order to carry out acts of violence again.

Recently, a state intelligence unit stated that Mr. Sama-ae Thanam is coordinating things with the bandit terrorist group of Mr. Aliya To-ala, a new bandit terrorist group whose objective is to mobilize Muslim youths. He wants to train people in the use of weapons and carry out acts of sabotage in order to achieve his aim of "changing society by force."

Mr. Sama-ae's plan to build a new generation of fighters is being implemented in Ruso and Si Sakhon Districts. The training center is located in the Dunung Chanong mountains along the Thai-Malaysian border. The man who is in charge of training these fighters is Mr. Ariya Tolae Asae. The report stated that this training center can train groups of 20-30 people. So far, two groups, or approximately 60 men, have been trained. It is believed that it was these 60 newly-trained fighters who burned down the 33 schools in the three southern border provinces.

Furthermore, the new bandit terrorist groups, particularly the group led by Dr. Arong Muleng, strongly oppose the action taken by the older bandit terrorist groups, which have surrendered to the Thai Government. It seems that the front is very interested in the ideas of Dr. Arong. Thus,

terrorism in the south seems to be on the rise again. Even though some have said that Mr. Sama-ae Thanam's group is the only bandit terrorist force with the "strength" to "disturb" the power of the Thai Government, that is just one force of PULO, which the Thai Government still hasn't been able to smash.

Report on Muslims' Iranian Ties

93SE0267C Bangkok SIAM RAT SAPDA WICHAN
in Thai 22-28 Aug 93 pp 8, 9

[Excerpts] [passage omitted] A secret intelligence report of the 4th Army Region states that this "movement" is composed of a young group of well-disciplined Muslim fundamentalists. They use the line of the Shiite sect, with Iran serving as the model. This group came into being after the three original groups, that is, Pattani United Liberation Organization (PULO), the National Revolutionary Front [BRN], and the BRRN [expansion unknown], began growing weaker because of the pressure applied by government units under the operational control of the 4th Army Region.

This new group has obviously been well trained. That is clear from the fact that no one was injured when the fires were set. The same method was used at all the schools. That is, matches were used to light bundles of mosquito-repellent incense sticks, which were placed near rags that had been soaked in gasoline. That gave the perpetrators time to escape.

However, that act was followed by several other acts of violence, including the bombing of Wat Ratcha Samoson in Narathiwat Province, the attack on tahan phran irregulars belonging to Thaksin Development Unit 13 in Muang District, Yala Province, and the threats to burn down hospitals. Such events have been spreading in the south, which has again become a battlefield between government officials and separatists, who use the differences in the region as their main reason for doing this.

Even though the Ministry of Interior has said that these recent acts of violence have been committed by people simply wanting to take advantage of the situation, it is believed that this movement has received a response from other groups with the same objective. This could lead to a revival of the separatist movement in the south.

The thing to note is that unlike in the past, after this happened, no group claimed responsibility. Even military intelligence units, which are considered to be skilled in obtaining information, still don't know who the leader of this movement is. The secret report simply stated that this "may" have been carried out in order to build confidence and obstruct negotiations with the 4th Army Region, which has opened the way for an important PULO leader, that is, Tunku Bira Kotanila, and BRN leader Dr. Areng America to surrender and become participants in the development of Thailand in accord with the 4th Army Region's "Extinguish the Southern Fire" plan. [passage omitted]

The arrest of Kumanasae Kotanila, the son of the PULO leader, by police officials is thought to be an important

warning. That is, "Tokuheng" cannot be questioned in this area, because the witnesses might be harmed. And there is the matter of the safety of the suspect himself, because there are those who would like to see this suspect dead. They have greatly raised the level of violence in this area. But officials are still groping for the root of the problem.

What is very worrisome today is the ability of the government, which directs policy, to solve the problems. There is a lack of unity among the political parties that form the government. As everyone knows, Chuan Likphai's style is to allow problems to die down on their own before taking any action. But this is a national problem that cannot be solved simply by reshuffling the cabinet or gaining additional votes in parliament. This is a matter of understanding complex methods and taking immediate action, particularly regarding the information that other countries are giving support to this group.

Now that the socialist world has collapsed, racial, religious, and cultural problems have arisen throughout the world, including the conflict in Bosnia, Hercegovina, and Croatia. But it seems that it is the Thai government, under the image of cultural, religious, and linguistic "unity," that is the major obstacle to solving the problems. This is because these terrorist groups have not really disbanded because they do not have confidence in the state's ability to protect them after they become "Thais" in a culture that is different from theirs. The Thai system of democracy has already shown that not every group that participates in the political system is given an equal opportunity. This is true for the Muslim members of parliament, who entered parliament under the political apparatus, which is still the power structure of the majority and which still confers total power. [passage omitted]

Police Official on PULO Organization

93SE0267D Bangkok THAI RAT in Thai
23 Aug 93 pp 1, 10, 11

[Excerpts] [passage omitted] Another terrible event has occurred. A reporter reported that at 0550 ours on 22 August, as the southern express train from Bangkok to Suhong Kolok was approaching the Maru Bokadae station, which is located along the boundary between Rangae and Ruso districts in Narathiwat Province, more than 20 men dressed in green uniforms and carrying rifles rushed out of the rubber plantation from both sides of the railroad track and arranged themselves in a "V" formation atop the hill that the train was crossing. This was the same point at which bandit terrorists had bombed a train three years ago. [passage omitted]

Police General Manat Khrutchaiyan, the deputy director-general of the Police Department, said that a letter found at the scene that had been written by a member of the Pattani United Liberation Organization PULO forces stated that the objectives behind this attack were: 1. PULO demands that the Thai Government free Pattani Province in the near future. Today, Thailand is governed within the framework of a democratic system. Pattani Province would like to be governed in the same way as Thailand. 2. Do not abuse the people of Pattani like the

people of Sayaburi and other places have been abused while the Siamese government continues to commit atrocities against us. 3. It's time that we retaliated for the attack made by thahan phran irregulars against our brother, that is, Muhamad Daudwaeng. Also, Pattani must be freed without turmoil. The letter also said: We ask the people of Pattani to remain united and to support us. We ask the 4th Army Region not to pursue us.

The deputy commander of the Police Department said that people both here and abroad have constantly been supporting this. This is well known. When asked if this was the same group that torched the schools, Police Gen. Manat said that from what is known, they have joined together. This is clear from their actions in the beginning. Then, they were not able to carry out operations on a broad scale. But this time, they launched simultaneous operations in many places. The term "bandit terrorists" is the common name given to several different groups. "If you are going to ask me something, don't ask me something that involves someone else. Because one person may say this, and another person may say something else."

Police Gen. Manat said that the goal of these terrorists is to form an independent state. At present, they have a shadow provincial governor, shadow district officers, shadow sub-district chiefs, and shadow village headmen. But the people should not worry about this, because officials in the south know what is going on. They know who is involved, and they know the terrain. We are ready to take action. And if it really becomes necessary, we are prepared to mobilize forces from the center to provide help. "I would like to ask you not to print stories that might frighten the people. You can rest assured that we still hold state power. We can control the situation." When asked if politics was involved, the deputy director-general of the Police Department said that he is fully prepared and that action is now being taken. As for whether politics is involved, he can't say that. All he can say is that we are aware of the situation. If there is another bombing, people shouldn't be alarmed. We are trying to prevent that. We will go on the offensive so that they don't have a chance to commit such acts again. But it's important that the people in the area provide information. [passage omitted]

PULO Camp Near Malaysia

93SE0267E Bangkok THAI RAT in Thai
24 Aug 93 pp 1, 10, 22

[Excerpt] [passage omitted] Yesterday, a reporter in Yala Province reported that a combined force of soldiers, Border Patrol Police [BPP] officials, and elements of Thahan Phran Irregular Unit 41 are continuing to search for the Pattani United Liberation Organization [PULO] group. That morning, Colonel Suraphon Seni Wong Na Ayuthaya, the deputy commander of Civil-Police-Military Unit 43, Colonel Chaloemchai Wirunphet, the chief of staff of this unit, and commanders of various units held a meeting at the headquarters of Thahan Phran Irregular Unit 41 in Krong Pinang Subdistrict, Muang District, Yala Province, in order to review the results of the operations to find the PULO group.

Colonel Chaloemchai, in talking about the progress made in searching for the PULO group, said that recently, forces entered the area that forms the boundary between Si Sakhon, Bannang Sata, and Ruso districts in Narathiwat Province. They learned that the PULO group, which is composed of 17 men and two women, is hiding in this area. They also learned that the PULO group had purchased some medicine from villagers. The forces also found some bandages in this area. At present, a reconnaissance team of thahan phran irregulars and BPP officials is pursuing them closely.

Colonel Chaloemchai said that the PULO and National Revolutionary Front [BRN] groups have joined together. Orders have been given to close all the escape routes. A team has been formed to enter the area and find the bandit terrorists. Thahan Phran Irregular Unit 43 has been ordered to find the group of Mr. Da-o Thanam. As for preventing something like this from happening again, Col. Chaloemchai said that meetings have been held with all units in order to find ways to tighten security, particularly at government installations. All units are ready to deal with terrorist acts. A reporter asked if a curfew would be announced. Col. Chaloemchai said that the unit won't announce a curfew, because that is the responsibility of higher-echelon units.

The reporter reported that with respect to providing protection, that same day, armed [BPP] officials from the Phaya Lithai Camp in Muang District, Yala Province, accompanied passengers on all the trains running from the Yala station to the end of the line at Suhong Kolok. Each train had a compliment of five armed officials. They provided protection to the passengers the entire length of the trip. Also, the cargo and packages were inspected very carefully at the railroad stations and other locations.

Mr. Chamnong Khongchitngam, the station master at the Yala provincial railroad station, said that there are now 19 trains that operate in the lower south. Of these, three are trains that operate along the Bangkok-Suhong Kolok route. The others are trains that operate along routes in the south. Even though terrorist acts have been committed, the State Railway of Thailand has not reduced the number of trips, and the number of people traveling by train has not declined. As for assigning officials to provide protection, the purpose of that is to comfort the passengers. He added that all of the engineers that work along these routes are afraid. But their duty is to keep the trains running.

As for pursuing and suppressing the PULO group, officials from Thahan Phran Irregular Unit 42, who are pursuing the group of Mr. Paoma Suhong Patu and Mr. Sa-ari Tisa-ae, have found two large camps. One is the Phong Yurai Phikat Camp at coordinate QC 3075. This was a permanent camp. The other was an old bandit terrorist camp at coordinate QC 3364. That was a temporary rest camp. No sign of the PULO groups was found at either of these two camps. It has been learned that the terrorists have already crossed the border into Malaysia. Besides this, 11 members of the PULO front have been located. The pursuing forces have sent forces to confront them. [passage omitted]

Malaysia, Syria Links Seen

93SE0267F Bangkok THAI RAT in Thai
25 Aug 93 pp 1, 17

[Excerpts] [passage omitted] From a secret report prepared by a military intelligence unit, it has been learned that the National Revolutionary Front [BRN] and Pattani United Liberation Organization [PULO] bandit terrorists received direct orders from their leaders, who are in Syria and Malaysia, to attack seven targets. They have already committed four acts of sabotage, including torching schools, bombing a temple, ambushing soldiers, and shooting at a train in Rangae District in Narathiwat Province. [passage omitted]

The military intelligence unit found an urgent international telex from Syria to Malaysia. The telex ordered that acts of sabotage be carried out in three southern provinces in Thailand. After that, the BRN, which is responsible for two zones in Yala Province, carried out three operations, and PULO carried out one operation in accord with the four orders. That means that there are still three more operations that have not yet been carried out.

Controversy Over Southern Unrest Continues

Internal Suspensions Viewed

93SE0281A Bangkok MATICHON in Thai 25 Aug 93 p 8

[Excerpt] [passage omitted] The observation made by Lt. General Kitti Ratnachaya, the 4th Army Region Commander, was appropriate. He pointed out that the serious incidents in the South were causing rifts and suspicion. The politicians were suspicious of the military. The military was suspicious of the police. And the police were suspicious of the politicians. As for the people they were suspicious of the military and the powers that be. It could be said that the incidents in the South had an immediate and negative effect on Thai society - they caused rifts and suspicion. Therefore each side should try to work together with the others including the politicians and the civil servants. This meant that the government and officials of those government units responsible for security had to work together to defeat the terrorists no matter what group was involved. [passage omitted]

Malaysian Brigade Help Sought

93SE0281B Bangkok THAI RAT in Thai
2 Sep 93 pp 1, 2, 17

[Excerpts] The RTA [Royal Thai Army] commander in chief went to the South and scolded all groups, including political groups and others, which were taking advantage of the violence in the South for their own ends in pursuing the bandits. [passage omitted]

Contact With Army Commander in Malaysia About Pursuing KhChK.

In response to the correspondent's question concerning the fact that we knew now that the KhChK [Southern Muslim Separatists] of Poma Su-ngaipatu had fled to Kopdan in Kedah State, Malaysia, which was only 3 to 4 km from the

Thai border in Tharato District of Yala Province but did not know what the [Malaysian] Army would do about turning over this KhChK group, General Wimon Wongwanit, the RTA Commander in Chief, said that military officials had been in touch with the Army corps commander in Malaysia to ask for as much help as Malaysia was able to give. He felt that they would certainly help us. The corps commander in Malaysia had a good personnel and official relationship with the 4th Army Region Commander, who was conducting urgent talks with the corps commander. [passage omitted]

MP Suspects BRN Involvement

93SE0281C Bangkok THAI RAT in Thai 1 Sep 93 pp 1, 17, 22

[Excerpt] [passage omitted] National Assembly Looking into School Burning.

At the National Assembly Mr. Sophon Phetcharasawang, the Vice-chairman of the Administrative Commission, allowed himself to be interviewed after a meeting of the commission. He said that the commission had invited Mr. Wanmuhamatno Matha, the MP [member of parliament] from Yala of the New Aspiration Party, to come and describe the events surrounding the burning of the school in a border province of the South. Mr. Matha explained that although he did not know who had burned it, he had questioned the villagers there, and they had insisted that it was not the work of the KhChK [Southern Muslim Separatists] because the KhChK had a force of only 20 to 30 and could not carry out operations like that. In addition the KhChK was a group of bandits which demanded protection money, and in the burning of the school, there had been no demands for protection money. As for the ambush of the Thaksin Phatana unit, Mr. Matha told the commission that this was an act of the BRN [National Revolutionary Front] group of the KhChK.

Leader of the KhChK Revealed To Be in Malaysia

Mr. Sophon continued that during Mr. Matha's presentation to the commission, he also said that the leader of the KhChK was in Malaysia. To deal with this problem, the government would have to use diplomatic methods. The Ministry of Foreign Affairs or the Prime Minister would have to go for talks in Malaysia. If the Malaysian Government provided assistance, it would solve the problem. [passage omitted]

Army Source on Malaysian Aid to Separatists

93SE0281D Bangkok THAI RAT in Thai
1 Sep 93 pp 1, 17, 22

[Excerpt] [passage omitted] **Malaysian Soldiers Provide Weapons Training for the KhChK [Southern Muslim Separatists]**

A source in the military revealed that the KhChK group which had a base past kilometer marker 47 in the Kedah State of Malaysia, had an Armed Force of not less than 30. Malaysian soldiers had provided weapons training for this group and had supplied it with weapons and ammunition. In addition the KhChK base was [not more] than 1 km from a position of the Malaysian forces. It would have

been difficult for the Thahan Phran Irregulars to attack this KhChK group without the Malaysian forces opening fire, and they were afraid that the Malaysian forces would be angry and would attack the Thahan Phran Irregulars with air strikes immediately. [passage omitted]

Deputy Region Commander on Malaysian Cooperation

93SE0281E Bangkok THAI RAT in Thai
29 Aug 93 pp 1, 2, 17

[Excerpts] [passage omitted] **Military Insists It Did Not Abandon the People**

Maj. General Sombat Rotphothong, the deputy minister of defense, told the 300 families of villagers who came to greet him that they could be confident that the military would not abandon them. [passage omitted]

Agreement With Malaysia To Suppress KhChK

The deputy minister of defense revealed that from the tracking done by military units it had been learned that the terrorists had a big base in the Sankalakhiri Mountain Range, which divided Thailand and Malaysia. In order to wipe this base out completely, the RTA [Royal Thai Army] had sent reinforcements of three companies of Thahan Phran Irregulars and had also been in touch with the the Army corps commander in Malaysia to request assistance in suppressing the KhChK [Southern Muslim Separatists]. In the past we had provided useful assistance to Malaysia in suppressing the ChKhM [Malaysian Communist Terrorists]. Therefore in suppressing the KhChK, Malaysia had to help Thailand. [passage omitted]

Corps Commander Happy To Help

Major General Sitthichai said of cooperation with Malaysia and of asking help in suppressing the KhChK that the corps commander in Malaysia would assist but that he would need time to consult with his superiors beforehand. When Malaysian officials responded, they would be able to open joint military operations immediately. It was thought from talks held on 26 August 1993 that everything would be agreed to. The corps commander had just asked that the name, KhChK, be changed to "enemy" or hostile group because the name, KhChK, offended Muslims and Malaysia was Muslim, especially the government in Kuala Lumpur. They did not want the government to be concerned about it.

Thai Units Requested To Enter Malaysia

The 4th Army Region Deputy Commander [Prathuanthn] responded to the question of whether the request for cooperation from Malaysia in allowing Thai soldiers to enter to locate the KhChK encampment was similar to the time when Malaysian soldiers entered Thailand to locate the ChKhM base in Thailand. He said that talks were in progress, and he expected that if the corps commander agreed there would be no problem because Lt. General Kittirattachaya, the 4th Army Region commander and the corps commander in Malaysia were "co-chairmen." In response to the question of whether for the sake of speed the Ministry of Foreign Affairs should conduct the talks,

the deputy commander said that it probably would not be necessary for the Ministry of Foreign Affairs to be involved in the talks. The problem was a local one and the RTA was able to handle it. A correspondent asked about the fact that each time there had been an incident in Thailand there had been shell casings found which had been produced in Malaysia. The deputy commander said that this would have to be discussed, but that we could not press this point because people might have taken supplies to help the terrorists. [passage omitted]

MILITARY

Contacts With Khmer Rouge Described

Plane Hit, Investigation Ordered

93SE0280A Bangkok DAILY NEWS in Thai 7 Sep 93 pp 1, 14

[Excerpts] [passage omitted] A reporter for DAILY NEWS reported that at 1000 hours on 6 August, as Major General Niphon Karanyanit, the commander of the Burapha Force, was investigating the border situation and listening to a subordinate's report on the border situation at a military unit in Aranyaprathet District, Prachinburi Province, he received a report stating that a group of Khmer Rouge soldiers armed with rifles of unknown make had fired at an L-19 reconnaissance aircraft of the Burapha Force as it was flying over the Ta Ngoc mountains along the border in Khlong Hat District. One of the rounds hit the left wing of the aircraft, but the pilot managed to land the aircraft safely at the Wattananakhon airfield. [passage omitted]

The initial investigation showed that the group that attacked the Thai aircraft was a village guard team formed by the Khmer Rouge military to replace Khmer Rouge forces, which have had to leave to fight Phnom Penh government forces. They fired many rounds at the aircraft and finally managed to hit the wing of the aircraft.

After receiving this report, Major Gen. Niphon ordered officials from the special action unit to investigate and find the Khmer Rouge village guard team responsible for the attack on this aircraft so that appropriate action can be taken. At the same time, the commander of the Burapha Force contacted the Khmer Rouge commander and asked him to take steps to control the actions of the Khmer Rouge guard teams. If they continue to act like this, the Thai military will retaliate sharply. The Khmer Rouge commander said that he will order the Khmer Rouge village guard teams not to do anything like that again.

Phnom Penh, Khmer Rouge Contact Seen

93SE0280B Bangkok NAO NA in Thai 3 Sep 93 pp 1, 9, 10

[Excerpt] [passage omitted] At 0800 hours on 2 September, Colonel Isara Watraprathip, the deputy commander of the 12th King's Guard Infantry Regiment, received a report from Major Sisak Phunprasit, the S-2 of the Aranyaprathet "P.C.D.", stating that approximately 300 armed soldiers from the Khmer Rouge 450th Division were on the move in the area opposite Ban Mai Pak Hong in Khlong Nam Sai Subdistrict, Prachinburi Province. Captain Somsak

Thongsukcharoen was ordered to take a force backed by two armored vehicles and set up a defensive position in the event of a fight between the Khmer Rouge and Phnom Penh government forces.

A reporter observed things to the south and talked with the leader of a Khmer Rouge unit. The Khmer Rouge leader said that they are afraid that the Phnom Penh government will join forces with the Khmer Serei and launch an attack against them. Thus, they are making preparations to deal with the situation. Lieutenant General Sok Piep, the commander of the 450th Division, ordered him to move some forces forward from Phnom Mak Hoeun in order to prevent an attack on their base at Phnom Malai. The women, children, and elderly have all been moved to safe areas.

Police 2d Lieutenant Ly Thon, the immigration officer stationed at the Poipet checkpoint, told the reporter that Lieutenant Colonel Mike Sanghon, the commander of the 42d Independent Regiment, has sent reinforcements to Ban Sua Tai and Na Krachai in preparation for launching an immediate attack on the Khmer Rouge.

As for Banteay Meanchey Province, Phnom Penh government soldiers have said that they plan to attack the Khmer Rouge. If the Thai military aids the Khmer Rouge soldiers, they will launch an attack inside Thailand, too. However, requests have been made to the Thai military, and Thai officers have promised not to provide sanctuary to the Khmer Rouge even though more than 200 Khmer Rouge soldiers have already fled to Thailand.

As for the atmosphere at the Poipet market, the situation has been very quiet for the past several days. No Thais have gone to shop there out of fear that fighting will break out. Soldiers from the Burapha Force are on the alert all along the border there, and they are monitoring the movements of both Cambodian factions. Major General Niphon Karanyanit, the commander of the Burapha Force, has given orders to move the Khmer Rouge group 3 km away from the border. The Khmer Rouge have gladly complied with the requests of Thai officials. [passage omitted]

Army To Assist 'All Four Khmer Factions Equally'

93P30072 Bangkok BAN MUANG in Thai 27 Aug 93 p 3

[Text] At the Office of the Secretary of the Royal Thai Army [RTA] Major Phakkhini Anlaphat, deputy spokesperson of the RTA, discussed aid to the Cambodian refugees at the Phnom Chat battlefield. Due to the fighting since 19 August, refugees are entering Thai territory. The RTA has helped them on humanitarian grounds; taking their weapons and pushing them back into Cambodia where it is safe to do so.

Maj. Phakkhini said that as a result of humanitarian Thai aid to the refugees, there have been rumors that the RTA has been helping evacuate the Khmer Rouge from the battlefield. In order to demonstrate the facts of the matter, the RTA has brought foreign media to monitor the situation at the Phnom Chat battlefield to enable them to understand what the RTA is actually doing. Nevertheless, the RTA adheres to government policy which is to treat all four Khmer factions equally. And an important factor is

that Thailand will not take on the refugee burden. Refugees will be handled in accordance with the principles of human rights.

Further on Wimon, Burma, Human Rights Policy

93SE0273A Bangkok DAO SIAM in Thai 10 Aug 93 pp 1, 6

[Excerpts] [passage omitted] General Wimon Wongwanit, the Army commander-in-chief, visited Burma in order to help improve relations in preparation for the talks on the border problem. He said that those groups, particularly student groups led by foreigners, that are calling for human rights should return and carry on activities in their own country. [passage omitted]

Prior to leaving on his trip, Gen. Wimon was interviewed at the Army airport on the morning of 9 August. He said that one of the Army's principles is to be friends with all neighboring countries. All armies in the world have similar customs, principles, and ideals. The most important thing is promote love and understanding, which will make it easier to solve the border problems.

Gen. Wimon admitted that because of the fact that we share a common border, problems between our countries may arise. As is well known, this has to do with Thais profiting from carrying on timber operations and from engaging in illegal activities. Thus, if Thais engage in legal activities, border problems will not arise. Burma understands and is trying to avoid doing anything that might cause conflicts. However, there is still fighting along the border. There are still opposition groups. Because of this, interaction among the people along the border has led to misunderstandings. This is not a major issue, and such problems can be solved by fostering understanding.

A reporter asked how the problem of border incursions will be dealt with. Gen. Wimon said that we have to talk to each other. But he said that what he wants to tell the press is that they must consider things carefully when publishing stories. Because sometimes, foreigners try to stir up trouble in our country. If a group want to demonstrate about human rights or some other issue, it must do so in its own country.

"If it is a legal demonstration, I see nothing wrong with that. But sometimes, the student leaders who lead the demonstrations are foreigners. Reporters should consider the fact that the woman who tried to stir up demonstrations against the Burmese government was from a nearby country," said Gen. Wimon. [passage omitted]

ECONOMIC

Banker Warns of PRC Investment Losses

93SE0256A Bangkok BANGKOK POST (BUSINESS POST) in English 9 Aug 93 p 21

[Text] A prominent banker has warned Thais eyeing investment in China to think seriously first because of risks posed by exchange rates and strict official regulations.

Bangkok Bank's executive vice-president, Prasong Uthaisangchai, was commenting following losses by many Thai investors in China.

He saw investment by Thais in China as fashionable but investors did not seem to realise the risks.

Many Thai investors have suffered losses because they did not study the feasibility of their projects fully, particularly in terms of exchange rate risks between the yuan and the U.S. dollar.

Previously, many Thai investors preferred Indochina but were now more interested in China.

"Many Thais who invest in China and Indochina failed because they went there just because it was the fashion," he said.

A prominent Thai seafood company invested in China to boost exports, but the venture failed after a year for the risks stated.

Industries which suited China were those which produced and sold goods on the local market. These did not face exchange rate risks because they could borrow yuan and receive income in the same currency.

He said Bangkok Bank had many clients who invested in China but it had warned them about the risks because China faced "overheating" problems and a depreciating yuan. Bangkok Bank has a branch in Shantou and plans to open another in Shanghai at the end of this year.

Mr. Prasong said the bank received information that Chinese authorities would soon allow foreign banks such as Bangkok Bank to undertake business in yuan. The bank could then mobilise savings in yuan and lend money in that currency.

The government should seek ways to protect investors in China and Indochina, he said. [passage omitted]

Problems With Proposed Copyright Law Examined

93SE0256D Bangkok BANGKOK POST (POST DATABASE) in English 28 Jul 93 p 5

[Article by Kamol Hengkietisak: "Law enforcement problems outlined"]

[Text] Loopholes in law could lead to legal problems

Speakers at a seminar on the "Advantages and Disadvantages of a Copyright Law" agreed that there were loopholes in the way the law could be interpreted, particularly in the provisions made for non-profit use in educational institutes and personal use.

This proposed law, which was drafted to meet the country's current interest, could adversely affect the future of the computer industry, noted one of the speakers.

Intellectual Property Department's Director of Investigation Section I (Patent) Santi Rattanasuwan said that although copies could be made for non-profit use, individual use, educational use and research, users could be accused of violating the law in cases where a lot of copies were made. This was up to the copyright owner and the interpretation of judicial officials concerned. Hence users would have to guard against making copies, he noted.

Dej-udom and Associates Law Office Managing Director Dej-udom Krairit said that we had to give something in exchange for the benefits of enforcing a copyright law.

"If we do not implement this law, we won't be able to keep pace with other industrialised countries and will confine ourselves to outdated technology," he said.

According to Microsoft Thailand Country Manager Paul (Arporn) Sribhibhadh, the disadvantages of the software copyright law would be mainly for the government sector which would have to pay the cost of copyright for software. But, he added, that they could also benefit from this law because as more original software was purchased the Government would be able to collect taxes on them.

However, he noted that educational institutes would also have to spend more money on software. But at the same time a software copyright law would help improve the capabilities of university staff, he added.

Also, with this law, people would more or less learn to appreciate the value of intellectual property, he added. He further said that a copyright law here would help reduce the problems of a shortage of skilled IT [expansion not given] personnel.

Nonthaburi Chief Provincial Attorney Khemchai Chutiwong outlines some of the problems when it comes to enforcing a copyright law during a seminar on "Use of Copyright Law to Enforce Software Protection" at IT Trade '93.

Citing over 10 years experience in enforcing copyright and patent protection for audio/visual products, he said it was not easy for foreign copyright holders to bring a case here because the police and the state attorney had to make sure that the plaintiff was the genuine holder of copyright.

He said that this involved a certain number of documents to be presented to the police, which was considered by foreign copyright owners to be troublesome.

Another difficulty was that the judicial sector—the police, state attorneys and judges—were not so familiar with economic crimes. This situation had improved recently after the Police and the Supreme Attorney General Office set up an economic crime divisions to handle such cases.

The judiciary branch was also in the process of training judges and setting up a special court to handle economic crimes, said Khemchai.

"If any officer at a police station receives a complaint about copyright infringements, he considers himself as having a very bad day," Khemchai said jokingly.

He then cited an example of a case 12 years ago when he had instructed police to find more evidence, but after over a year he had not yet received any response.

Another obstacle is time, Khemchai said, adding that it normally took a very long time before a case of copyright infringement was resolved as the judges themselves were not familiar with them. More often, the cases were thrown out on technical grounds even before the evidence was presented as an excuse for the judges not to handle such complicated cases.

However, now the situation has improved with more cases decided by the Supreme Court which can be used as a yardstick to prosecute future case, Khemchai said.

Blatant copyright violation was on the way out, he noted. More sophisticated ways were being devised by copycats to avoid arrests, claimed Khemchai. If an obvious infringement occurred, the state's full force of law would be brought to bear, he added.

Khemchai said that he had had to go to the United States to explain to copyright owners and their representatives there as to why the enforcement of the law here was so slow.

He claimed that quite often the copyright representatives settled the case out of court, but used the state enforcement agency to force the issue without intending to follow the case to its logical end.

"The police, state attorney and judges often felt tricked when this occurs," complained Khemchai.

Economic Crime Division Commander Vatin Cumsongsri agreed with Khemchai that the police lacked expertise in economic crimes in general and copyright in particular. However, since the establishment of the division, the police were now ready to tackle this issue.

He then turned to the audience and asked whether users were ready to accept this enforcement.

In theory, the police do not need to be experts on any particular economic crime issue, relying on expert advice and testimony. But to do so would take so much time and the case can be delayed for an inordinate amount of time.

Thus it was imperative that the police be trained on this matter, he said.

He refuted claims by the U.S. copyright owners that the police did not pay attention to copyright enforcement. The fact is that formerly, police were not familiar with the issue and therefore were not confident in handling such cases. The situation was changing however, added Vatin.

On the new copyright bill recently approved by the Cabinet, Weerawit Weeraworawit, director of Technical & Planning Division, Department of Intellectual Property, argued that the department's draft did not cave in to the U.S. demands.

"It's time the country stands on its own feet on this matter as the country is on the threshold of becoming an industrialised country which can no longer rely only on cheap labour," he said.

The software copyright draft was based on GATT's model which was accepted by all members pending ratification, he added.

Weerawit claimed that the copyright draft tried to balance the interests of all the parties and that software received special treatment in its own right to make it easier to enforce. Yet any law cannot be designed to cover all possible events, he noted. The court was the final arbitrator that interpreted specific cases.

Weerawit said that the new law had stiffer penalties against software violators that profit commercially from illegal activities. Jail terms can range from three months to four years.

Discussing the controversial provision of allowing the government sector to make certain copies of software, Weerawit claimed that the law was not intended to allow unlimited or multiple copies for government agencies or educational institutions because to do so would contravene another section which protects the interests of the copyright owners against substantial damage.

Khsemchai agreed that the judge had the final say on the law's interpretation. He cited that "fair use" was perceived differently by the copyright owner and users. The law enforcement agencies might also have different opinions from the software producer and may decide not to proceed with the case. However, this did not take away the right of the copyright owner to file the suit himself, he noted.

Vatin said there should be neutral expert opinions on such complicated matters like software copyright. He suggested that the two computer associations, the Computer Association of Thailand and the Association of Thai Computer Industry, be prepared to provide expertise when the bill becomes law.

[Box, p 5]

What can and cannot be done under the proposed law:

Personal use at home of copied software is not illegal.

Multiple copies are illegal, and no exception is granted for computer schools or universities

The law is retroactive, meaning that software is protected even if it was published before the law's enactment.

Foreign copyright owners need not translate all documents into Thai. Only those that will be used as evidence in the lawsuit must be translated. But it would help expedite the legal process if all documents are in Thai.

Reverse engineering is possible for research purposes only.
[end box]

CEO Views Government, Long-Range Financial Issues

93SE0256B Bangkok BANGKOK POST (BUSINESS POST) in English 9 Aug 93 p 23

[Excerpts] Suthep Wonworasat, CMIC's chief executive, welcomes financial market changes but questions the Government's priorities. He talks to Joyce Rainat.

Reform of the financial system means competition is heating up, and commercial banks and finance companies are finding themselves on a collision course. But that's not all bad, says Suthep Wongworasat. The chief executive of CMIC Finance & Securities Public Co welcomes it as a step in the right direction.

But what's troubling him is the fact that the Government is too inward-looking.

"We are still enjoying the momentum of the past and they must come up with concrete policies that would lay a firm foundation for future growth." [passage omitted]

What does bother him though is the future—"not ours, we thrive on competition"—but the country's.

"We have had it so good for a long time, we don't realise that adjustments are going to have to be made, if basic problems like sunset industries, massive lay-offs and restricted markets aren't dealt with now."

While Thailand can afford to enjoy the momentum of the past, there is a need to avoid complacency and to plan ahead.

"This year's Bank of Thailand and National Economic and Social Development Board estimates of 7.5-7.9% growth are still okay, but there is no indication that we will achieve the same growth next year."

The Thai Durable Textile Co [TDT] case provides a lesson very much to the point, he says.

"Textiles for Thailand at this stage of industrial development should be considered a primitive industry. It is one we have to rethink and even do more than that. We have to encourage more high-value-added type of production, and if this doesn't materialise, be prepared to discourage this form of investment by disincentives.

"The Government has to be the catalyst in this, because it is TDT today, but what company or industrial sector will it be tomorrow when the demise of some other sunset industry poses a similar problem?"

For Mr Suthep, there is one possible solution: "The Government has to turn its sights outward because Thailand, facing a changing world market situation, can no longer remain as it has been, just inward-looking.

"This year, we were lucky. The East European market made up for a lot of the business we lost in Japan and the United States. But we can't be lucky every year. I ask myself where is the growth going to come from? We must take the initiative and expand our market outwards."

To do so, he believes Thailand should seriously consider backing the strategic highway linking Mukdahan in the Northeast with Lao and Vietnam's port city of Danang.

"It will not only cut transport costs for shipments to Japan, Korea, Hong Kong and Taiwan, it will also service Indochina."

Another benefit not to be scoffed at is that it would move business away from Bangkok.

"Factories would move out in order to be closer to the market," he says. But border trade so far has been mainly negligible compared with what it could be.

A second suggestion concerns the deep-sea port in the South: "We need it."

Also, he says, the Government should tackle the issue of expanding markets with more determination than it has in the past.

On liberalisation of the financial market, he believes the authorities have moved quickly and well.

"They have relaxed restrictions on the kind of business that finance companies and commercial banks can do; eased the requirements on bond holdings; established a legal framework for the issue of a wide variety of debt instruments; set up the BIBF (Bangkok International Banking Facilities); and moved on interest-rate structures."

All well and good, he says. These moves will bring a lot of liquidity into the money market and help Thailand become the region's financial centre.

But there are still areas where he thinks they haven't moved fast enough. Foreign exchange is one of them and while the first phase of relaxation has moved smoothly enough, there are still "too many documents that have to be submitted to the Bank of Thailand every time you want to move money out of the country".

He would also like to see more banks permitted to come in and operate in Thailand.

"Competition is not unhealthy and the more banks opening up here means the more resources that will be brought in and that's what the country needs right now to move on to the next stage of development." [passage omitted]

Transport Costs, Per Capita Income by Region

93SE0256C Bangkok THE SUNDAY POST
in English 1 Aug 93 p 21

[Excerpts] The on-going dispute between the Expressway Transit Authority of Thailand and Bangkok Expressway Company Ltd (BECL) which is delaying the opening of the second stage expressway is mainly due to the Government's acquiescence to the Bangkokians who made such a loud noise against paying double the fee from the present 15 baht to 30 baht. So the Government agreed to subsidise the payment and would charge the motorists only 20 baht. [passage omitted]

The assumption was absolutely wrong. The motorcycle rider refused to accept the banknote and swore that no one would bring a passenger up to the distance at that price. He demanded another one hundred baht more.

This may not be typical, but the point is the cost of transportation is very high for people in up-country, especially in remote rural areas, because they have to pay much more than the people in the capital or big cities.

Even in the provincial towns or cities which are heavily populated, rarely are regular buses available. The normal means of transportation in town is the motorcycle taxi or the *song taew* mini truck.

That the minimum charge for a ride is normally five baht, compared with three baht for a bus ride in Bangkok. [passage omitted]

A 50-kilogramme cement sack which costs 70 baht or less in Chiang Mai is available at 85 baht or more in Mae Hong Son.

"I have to pay up to 10,000 baht in transport cost for a shipment of 30 tons ordered from Chiang Mai," explains a construction material trader in justifying the higher prices.

Farming instruments such as a digging tool and a spade cost 60 baht and 160 baht respectively in Mae Hong Son market, 10-20 baht more expensive than in Bangkok.

Not only construction materials, prices of food and drinks too cost more in up-country.

A litre of UHT milk cost between 26-30 baht in Mae Hong Son, Phrae and Nan while the price at a super market in Bangkok is only about 22 baht. [passage omitted]

The statistics, released this year, shows that while the average income per capita nationwide is calculated at 32,028 baht annually, the people in Bangkok and adjoining town can average as high as 96,239 baht a year.

People in the Northeast is the poorest with 11,981 baht per head a year, lower than the people in the North who average income is about 18,833 baht a year.

The per capita income for the South is 21,963 baht while the figure for the Central Plains, the West and the East is about 35,297 baht.

Breaking into provinces, for the upper North, Nan is the poorest at 13,338 baht followed by Phayao at 14,004 baht and Phrae 124,373 baht.

Higher income are Lamphun at 15,861 baht, Mae Hong Son 16,296 baht, Chiang Rai 16,928 baht, Lampang 21,039 baht, Tak 22,934 baht, and Chiang Mai 24,727 baht.

In the lower North, Phetchabun is the poorest at 15,826 baht, followed by Phichit 16,405, Sukhothai 16,780 baht, Uthai Thani 17,849 baht, Uttaradit 18,445 baht, Phitsanulok 18,736 baht, Nakhon Sawan 21,098 baht and Kamphaeng Phet 22,003 baht.

Showing wealth, the gross national product (GNP) for Bangkok is top with 269,697 million baht annually, nearly half of the GNP of the entire country at 574,195 million baht.

The GNP for other regions are: Northeast at 81,190 million baht, North 68,286 million baht, South 52,804 million baht, East 44,220 million baht, West 931,201 million baht, and the Central Plains 267,891 million baht. [passage omitted]

POLITICAL

Renovation in Teaching Contemporary Capitalism

932E0078A Hanoi NGHIEN CUU LICH SU
in Vietnamese May-Jun 93 pp 44-46

[Article by Vu Oanh, M.A., Department of History, Hanoi Teachers' College No. 1: "Renovating the Teaching of Modern Capitalism in Colleges"]

[Text] Theoretical and practical issues of the new process of capitalism are currently the most important and complicated object of study by scientists in and outside the country. Various scientific projects on the latest findings about capitalism have been published; although some of the issues made public are still under debate, many others have been definitely settled. We need to make use of scientific theses and even these confirmed realities in teaching. Otherwise, we cannot talk about renovating the teaching of capitalism.

The backwardness of our teaching lies primarily in the use of the concept of "modern capitalism" published by researchers after the end of World War II and even earlier. This mistake is understandable, because at any time people have to deal with modern capitalism as contemporary capitalism, while the "modern capitalism" that scientific researchers are talking about at present is a scientific concept, with the capitalism they deal with having acquired new characteristics, having undergone structural and technological changes, and having reached the highest level of development on the basis of the second expansion of the current scientific and technological revolution.

Therefore, making light of the mentioning of the scientific and technological revolution in teaching modern capitalism, as we have always done, is a big mistake. The scientific and technological revolution is the cause of all causes that have changed capitalism. This revolution has led to a major turning point in the development of the productive forces and in the technological system, and has radically altered the role of science in production and education. The essence of the scientific and technological revolution has been the "computerization" of all social life, and its direct effect has been the manifold increase in labor productivity over the past and the creation of new consumer products; this has resulted in an unprecedented abundance of products. It is also necessary to add here that in many teaching documents "modern capitalism" is considered to be a "computer science society" or a "consumer society"; this is also a mistake because this view identifies modern capitalism itself with the lifestyle of capitalist society.

The change in production under modern capitalism has led to a tendency to ceaselessly increase the proportion of the nonmaterial production sectors in the production process. At present, 60-70% of the gross social product value and laboring people are in the field of nonmaterial production¹ (of the most developed capitalist countries). This unprecedented phenomenon has completely upset the theoretical schemata of research and teaching work which have always mentioned only the production domain of capitalism.

Formerly, in the field of ownership relationships, our teaching merely mentioned the object of ownership, namely the means of production, while an intellectual economic system had come into being. Scientists have asserted that means-of-production ownership and "knowledge" ownership are two relationships characteristic of the essence of the economic system that has taken shape in developed capitalist countries over the past 40 years². If we ignore knowledge ownership and its role in modern society, we cannot talk about understanding the developmental process of today's world.

Also over the past three decades, capitalism has readjusted its system of ownership to adapt to the high level of development of the productive forces. At present, there exist in capitalist countries different forms of ownership: individual capitalist private ownership, collective capitalist private ownership, capitalist ownership, state capitalist ownership, cooperative ownership, small ownership of a noncapitalist nature, and mixed ownership under various forms. This system of mixed ownership is complicated indeed, but it cannot be taught to students because it is the essence of the issue.

In the process of changing the ownership relationships of modern capitalism, the role of the state has also undergone major changes. This fact, in our opinion, cannot be appreciated on the basis of our way of understanding "state capitalism" that had become fixed in our publications in the 1940's. The fact is that, during the 1980's, a "privatization" and "denationalization" process took place in most capitalist countries, with the state toning down its "ambitions" to build its policy on the basis of the laws of the market and to regard the market as the "final judge." Here, it is necessary to stress in particular that privatization is a constituent of the reform and restructuring process of modern capitalism. In our country, there have been many articles and voluminous books dealing with the privatization process in developed capitalist countries since the early 1980's to this day³. Yet, our textbooks and history teaching material still ignore that process; worse still, many students and even history lecturers themselves cannot understand it, because a concept has become fixed in their minds that since the bourgeois revolution (in England and France) capitalism has been built on the basis of the private ownership of the means of production, that is, the privatization of the means of production (!). Thus, dogmatic perception always obstructs the recognition of the evolutionary process of history.

In renovating the teaching of modern capitalism, it is also very necessary to teach the models of capitalism of each country, especially the typical models. World publications have dealt most profusely with the "liberal capitalism" model of the United States and the "social capitalism" model of Japan and Germany. Our publications have written fairly substantially about Japan, but they have said little about the United States, while U.S. capitalism has been in reality the most typical capitalism in all stages of history. During the 1980's, the "liberal capitalism" model reigned supreme in the United States. The American people achieved unprecedented successes in increasing the

growth rate, in creating new work places, and in vigorously developing the financial market⁴. There were also negative results, however: foreign debts, serious budget deficits, widening gap in living conditions between the rich and the poor, an acute urban crisis, mounting crime... and, in recent years, the United States has also met with a serious economic recession, although there have been differences in evaluating this recession.

The future of modern capitalism depends a great deal on the development of these two typical models. Yet, our textbooks, our teaching material, and our teaching of history have never mentioned them and have only stressed the diminutive, hazy "Swedish model" vaguely named "democratic socialism." In fact, Sweden did achieve success at a definite stage and that success was built on the free market; it was the success of transnational companies such as Volvo, Electrolux, and Sandoik. At present, however, in the face of fierce international competition, that model can no longer hold up under the burden of social welfare expenditures. An understanding of this fact is crucial to renovating our teaching method. How can we keep striving to maintain the reputation of that model and using it as a reference point for some future model created mainly by our imagination, when the original model itself is not following its own path any more?

In renovating the teaching of modern capitalism, there still are many issues to be discussed, many new subjects to be introduced into the curricula, such as the change in social structure, especially the incessant growth of the middle class; the appearance of the "new system of participation"; the nationalization process that has reached an unprecedentedly high level of development and that has taken on a new quality, and so forth.

At present, even in the teaching of the seamy side, the defects, and the contradictions of capitalism—things on which we used to put too much emphasis in the past—there still are new angles that need to be added. Besides the old contradictions of modern capitalism, there have appeared new ones such as the contradiction between the capitalist character of development and environmental protection, the contradiction between the entire nation's interests and those of transnational companies, the contradiction between man and nature, and many other global issues the world must raise urgently.

It is also necessary to add that the tendency to renovate teaching there has spawned another extremist tendency which puts excessive emphasis on the adaptability of capitalism and the conservativeness of socialism. As a matter of fact, both capitalism and socialism are conservative, and that is why capitalism itself must be renovated and restructured. The contradiction between the "tendency to adapt" and the "tendency to develop by inertia" is also a characteristic of modern capitalism. And it is precisely this contradiction that is impeding development.

To conclude this minor article, we would like to cite our party's viewpoint on today's capitalism:

"In the immediate future, capitalism still has the potential for economic development thanks to its application of new

scientific and technological achievements, to the improvement of its managerial methods, to the change of its production structure, and to the adjustment of various forms of ownership and social policies. Capitalism, however, is still an oppressive, exploitative, and unjust system. The inherent fundamental contradiction of capitalism between the ever higher social character of the productive forces and the capitalist system of private appropriation is increasingly deepening...."⁵.

Footnotes

1. *Capitalism Today*, Social Sciences Publishing House, Hanoi, 1991, p 11.
2. NHUNG VAN DE KINH TE THE GIOI, No 3, Jun 92, p 4.
3. *Modern Capitalism—Privatization in Developed Capitalist Countries*, Institute of World Economy, Hanoi, 1992.
4. Dao Le Minh, *Characteristics of U.S. Economic Growth in the 1980's—Some Characteristics of Modern Capitalism*, Su That Publishing House, Hanoi, 1992.
5. *Platform of National Construction in the Period of Transition to Socialism*, Su That Publishing House, Hanoi, 1991, p 7.

Teaching 'Socialist Countries' Chapter

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in Vietnamese May-Jun 93 pp 63-66

[Article by Do Thanh Binh, M.A., Department of History, Hanoi Teachers College No. 1: "On Teaching the 'Socialist Countries' Chapter in Teachers Colleges and Normal Schools at Present"]

[Text] In the current program of contemporary world history teaching and learning in teachers colleges and normal schools, the "Socialist Countries" chapter is an important one that cannot be skipped. The world situation in recent years, particularly since the collapse of the socialist countries system, however, has made teachers feel increasingly "difficult" to teach and students feel "difficult" to absorb what they learned. At present, lectures on socialist countries no longer sound as convincing as they did the previous years and students' faith has also decreased. This is quite understandable.

This state of affairs has spawned tendencies that are not quite correct in the teaching of this chapter.

First, it is the desire to be "fashionable," which has caused a denial of socialist countries' past achievements and a reduction of the significance of the forming and development of the socialist countries system in the common progress of mankind.

Second, it is the "conservatist" tendency, which consists in asserting socialist countries' good points and achievements only, and which still subscribes to past appraisals of this socialist countries system.

Both tendencies mentioned above have failed to correctly reflect historical realities, have reduced the educational effects of lectures, and lack the power to convince students.

It is also necessary to mention the tendency to pursue the "current affairs propaganda" method. In teaching contemporary world history, particularly the events taking place in the past few years, we should evaluate them in such a way as to correctly present them as historical facts, and should avoid the habit of making "narratives about current affairs." This is no easy task indeed.

As we all know, in the research domain, the problem of socialist countries is also a big, very big issue; it is our No. 1 state-level social science subject being researched by many scientists. In the field of learning and teaching, in disseminating and receiving knowledge, we must simultaneously carry out research and improve the content of teaching in such a way as to correctly reflect the historical realities that have taken place and to avoid all the aforementioned tendencies so that our lectures may have a highly educational character. On the other hand, this would also make teachers feel "easier to preach" and students feel "easier to accept," thereby overcoming the "difficulties" currently confusing them.

In our opinion, one of the present hurdles and difficulties is that in various teachers colleges and normal schools, the teaching material about contemporary world history is too "old," too backward, and no longer usable. In their teaching, teachers seem to have no standard teaching material prepared in accordance with the spirit of renovation. There are only a few studies and guides written by teachers in some training establishments; in many other places, teachers have to "fend for themselves" at a time when there is an acute shortage of documents. Meanwhile, we cannot afford not to renovate the content of the teaching material concerning contemporary world history, including the "Socialist Countries" chapter, to suit it to the present situation.

Proceeding from the aforementioned situation, in this article we would like to deal only with a number of principal subjects in our teaching concerning socialist countries so as to exchange views with teachers.

First, concerning the division of periods: In the past, in our teaching material about the world's socialist countries, we divided their history into only two periods (the 1945-1949 period and the period from 1949 to the present). This division is no longer appropriate. At that time, we separated the first stage of socialist construction in the Soviet Union from the rest and taught it as part of the earlier period, together with the Russian October Revolution; as for the later stage, from 1945 onward, the part concerning the Soviet Union was taught together with the history of East European countries. Thus, the continuity of the socialist revolutionary movement was broken. At present, according to the new training program, students study by "credits." Therefore, the chapter "The Russian October Revolution and Socialist Construction in the Soviet Union" was incorporated into the chapter "The Socialist Countries From 1945 to the Present," which is considered

a study credit. Students can now study at a stretch from the Russian 1917 October Revolution to the disintegration of the socialist countries system. This is a favorable condition for students to grasp an uninterrupted historical process. Since the Russian 1917 October Revolution, the socialist revolutionary movement has gone through three periods:

1. From 1917 to the years 1944-1945: The period in which the world's first socialist state (The Soviet Union) came into being.
2. From the years 1944-1945 to the first half of the 1970's: The period in which the socialist countries system took shape in the world. In this period, the socialist countries recorded major achievements in various fields, but they also showed shortcomings and mistakes.
3. From the second half of the 1970's to the present: The period in which socialism was plunged into a grave crisis that eventually led to the collapse of socialism in the Soviet Union and East European countries. But other socialist countries in Asia and Cuba are carrying out reforms and renovation to overcome crisis.

In our opinion, only this period division reflects the continuity of the socialist revolutionary movement.

Second, in their teaching, teachers must bring out the achievements recorded by socialism from the formation and development of the world's socialist countries system to the early years of the 1970's. At the same time, they must point out the mistakes and shortcomings committed by the socialist countries right in that period but not detected at an early date.

Concerning the Soviet Union, (here, we are not going to discuss the Russian October Revolution and its elements), the building of socialism began in 1921. Until the early years of the 1970's, despite the mistakes and shortcomings it had committed, the Soviet Union had recorded extremely great achievements in several domains of socioeconomic life, in science and technology, in culture and art, in education, and so forth, which have been recognized by all progressive mankind. Moreover, in its foreign policy, the Soviet Union had always actively struggled to defend world peace and security, and to support the struggles of various nations for independence, democracy, and social progress. To enable students to fully appreciate the achievements recorded by the Soviet Union over the past decades and its positive contributions to mankind, teachers must pay attention to bringing out all the difficulties encountered by the Soviet people in the past, such as the facts that the Soviet people had to build socialism in a situation where they were encircled by capitalism, could rely on no countries for help, and suffered from an economy reduced to a state of ruin by years of civil war; that there were no few opposition forces in the country; that prior to World War II, the Soviet people had to concentrate manpower, material resources, and science and technology on preparing for the war to defend the fatherland; that after World War II, they had to endure extremely extensive consequences in all fields, particularly in the economic domain; that thereafter, the Soviet Union

was subject to economic encirclement and political isolation by the United States and western countries, which carried out a "Cold War," an arms race....

At the same time, in the content of their teaching about this period, teachers should also introduce facts that were not included previously. These are: Right in the process of socialist construction, the Soviet Union had shown mistakes and shortcomings such as subjectivism, voluntarism, building a state based on subsidies and economic monopoly, the nationalities problem, and so forth.

Only in this way will we be able to avoid the "wholesale denial" and "conservatist" tendencies in the old ways of teaching Soviet history, and will our lectures be convincing to students and enable them to understand more fully and more correctly that the recent collapse of socialism in the Soviet Union had its own causes and precursory symptoms.

Regarding the East European countries, the content of our teaching should also be renovated. First of all, teachers must do analyses to show students that in the years 1944-1945, the democratic forces and peoples of East Europe, with Soviet assistance, had seized power and founded people's democratic states. Around 1948-1949, one after another these states had accomplished their people's democratic revolutionary task and had entered the period of socialist construction. This success, together with the birth of the People's Republic of China (1949), enabled socialism to expand beyond the boundaries of a country and become a worldwide system.

From the 1950's to the early years of the 1970's, together with the Soviet Union, the East European countries also recorded great achievements in the fields of socioeconomy, science and technology, culture, education, and so forth. Teachers can cite concrete examples to illustrate this point and to affirm that, from being impoverished and economically underdeveloped countries, these East European states had become countries with a developed economy, with advanced science and technology, and with their peoples' material and spiritual life showing extraordinary improvement.

Of course, when analyzing the aforementioned achievements, teachers should make appropriate appraisals and should not forget to point out the shortcomings and mistakes committed by these countries in that period, such as their "rigid" and "dogmatic" copying of the Soviet model of socialist construction even though their countries' situations and conditions differed from those of the Soviet Union; their subjectivism; their voluntarism, and so forth. Only on the basis of an objective and scientific analysis of the rights and wrongs and the accomplishments and shortcomings in the building of socialism in East Europe will we be able to help students gain a correct understanding of the former East European socialist states and of their achievements, thereby helping them to avoid "making a false step" when doing research on socialism in East Europe in the period after the 1970's.

Concerning the Asian socialist countries and Cuba, we should do appropriate analyses in order to see that, in the past decades, these countries recorded major achievements in various domains. These countries, however, were also "afflicted" with the common maladies of "dogmatism" and "rigidity" in slavishly copying a model of socialism that was not suitable for their countries' characteristics; for this reason, they could not avoid certain mistakes and shortcomings. Fortunately, these countries have carried out timely reforms and renovation of their economic and political policies to suit them to the particular historical situations and conditions of each country. Thanks to this, they have gradually extricated themselves from the socio-economic crisis.

Third, teachers should point out for students to see clearly that the germ of the crisis of socialism that occurred in the second half of the 1970's had been sown in the previous years. For quite a long time now, we have not dared to touch upon this issue.

To analyze this crisis in accordance with both reason and feelings, we should place it against the common background of the world from 1973 onward (beginning with the energy crisis). Following this energy crisis, a series of other crises took place in the economic, financial, and monetary domains. Political changes gave the general crisis an increasingly global character and posed for mankind urgent problems that must be resolved such as: the population explosion; the exhaustion of natural resources; the environmental problem; nations' economic, political, and social adaptability in the face of the extraordinary development of the scientific and technological revolution and the ever-expanding international exchange and cooperation, and so forth. It is against this backdrop that the developed capitalist countries had reacted quickly by engaging in the scientific and technological revolution at an early date, reforming their economic structures, and achieving political and social adaptability in response to popular demand. Thanks to this, since early in the 1980's these countries have gradually extricated themselves from the crisis and have continued to develop their economies and raised their peoples' living standards. Meanwhile, because they subjectively maintained that socialist production relationships were immune to the effects of the common global crisis, the party and state leaders of the Soviet Union and East European countries were slow in adapting and carrying out reforms. In the new conditions, the old socialist models and mechanisms of economic, political, and social systems, which had been previously shaped in special historical circumstances and marred by mistakes and shortcomings, now became even more unsuitable and led to crisis in all fields—economic, political, cultural, social, and so forth—and ultimately resulted in the collapse of socialism in the Soviet Union and the East European countries.

But we must also realize that these mistakes and shortcomings did not stem from the essence of socialism but only from the shortcomings in perception and action of the party and state leaders of several socialist countries.

Only with such a teaching content can teachers' lectures be convincing and help students gain a correct understanding of socialism and our party's present comprehensive, thorough renovation policy, and believe even more strongly that the Vietnamese-characterized cause of socialist construction we are currently implementing will certainly be crowned with success.

Finally, we should make an extremely fair evaluation of socialism, of the socialist countries, and of the existence of the worldwide socialist system over the past decades, and should avoid the current incorrect tendencies that are often manifest in our process of teaching the "Socialist Countries" chapter in teachers colleges and normal schools.

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